

Town of Amherst

Financial Trend Monitoring Report

November 9, 2020



Financial Indicator Analysis
FY2011 - FY2020




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Financial Indicator Analysis

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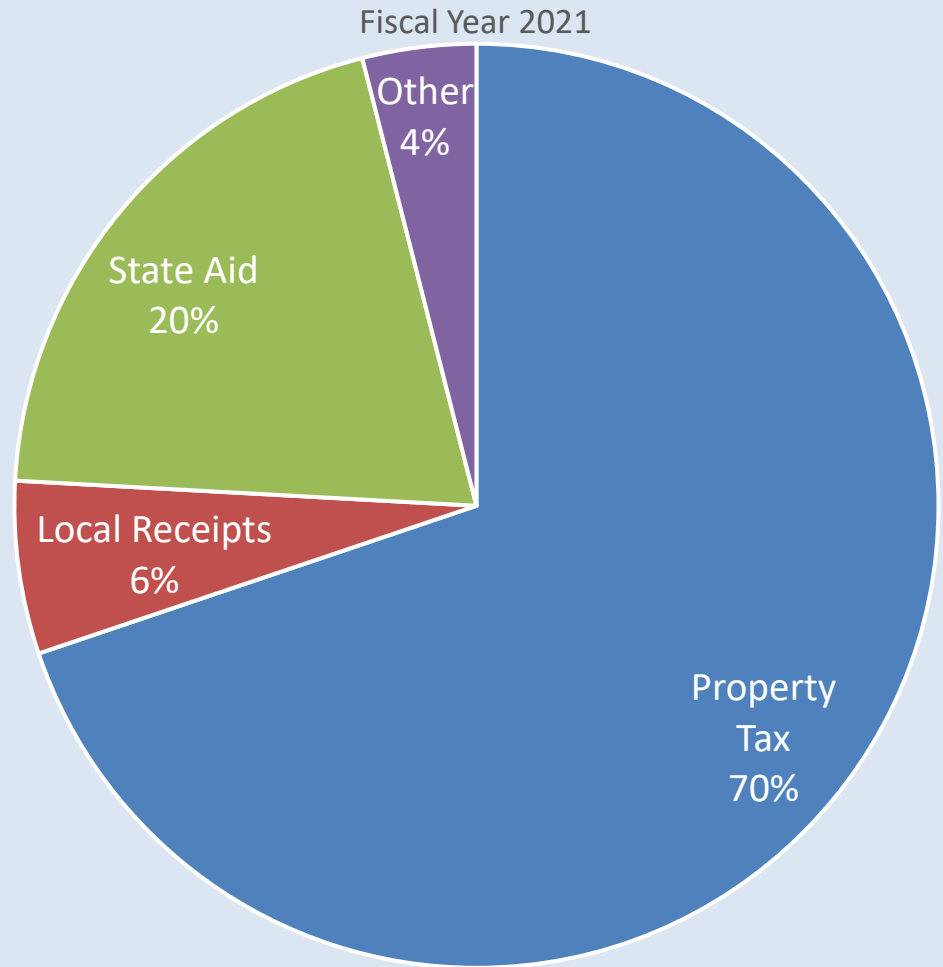
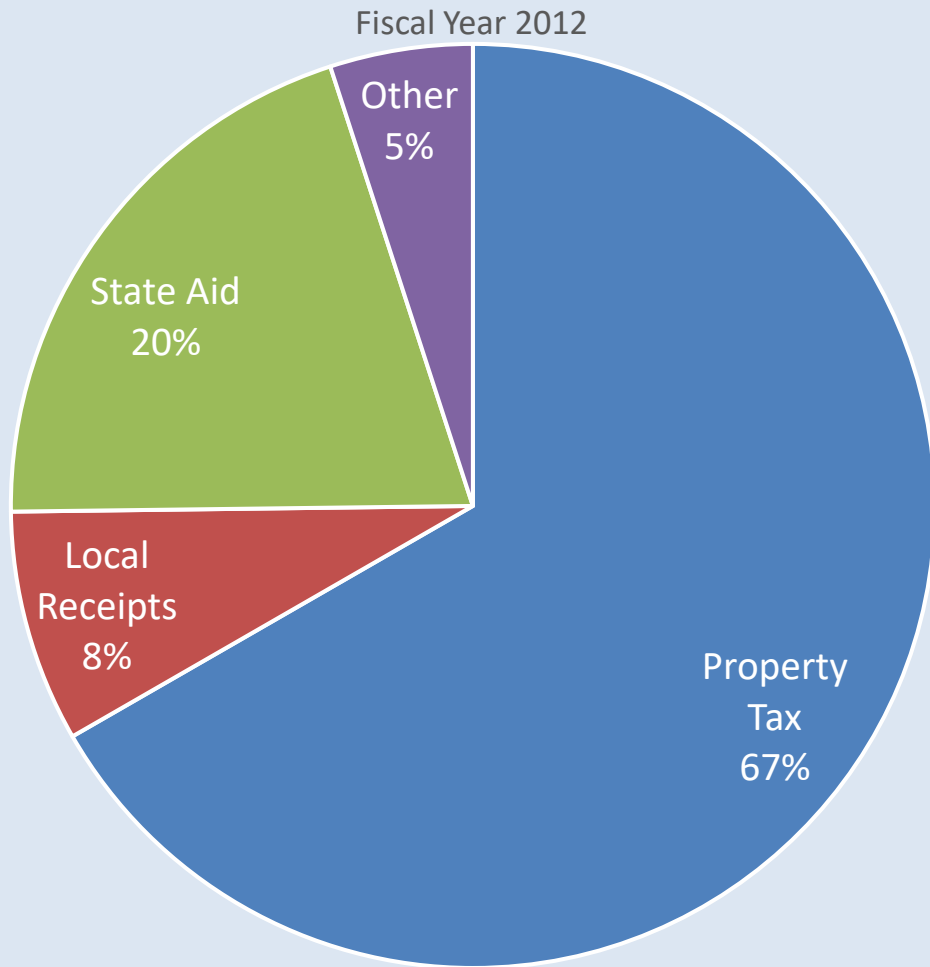
Contributors

Paul Bockelman - Town Manager
Sean Mangano - Finance Director
Sonia Aldrich, Comptroller
Holly Bowser - Assistant Comptroller
Jennifer LaFountain - Collector
Cheryl Boucher - Treasurer

Note

This report was initially prepared in 2007 at the request of the Amherst Finance Director by three graduate students at the Center for Public Policy & Administration at the University of Massachusetts Amherst. Town staff have refined and expanded the template since then. The International City Management Association's (ICMA) Financial Trend Monitoring System served as the template for this analysis.

1 - Sources of Revenue - FY21

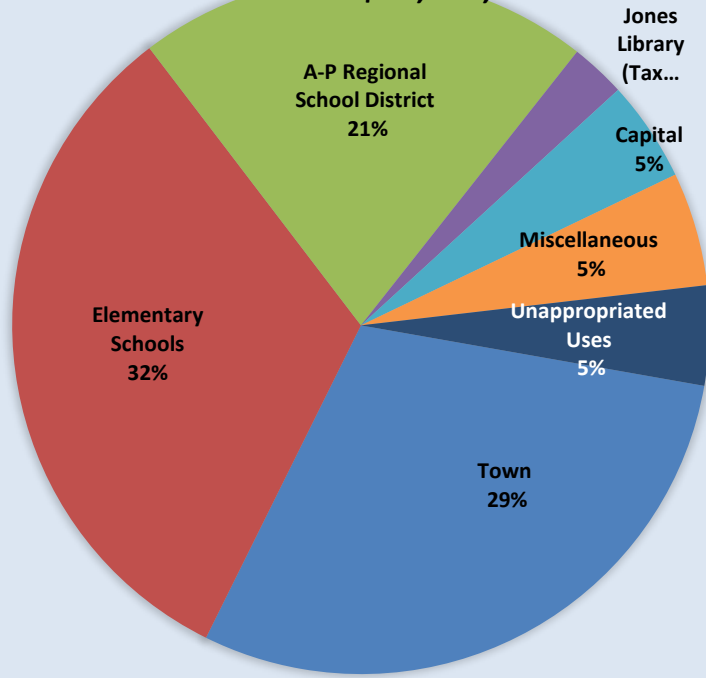


Source: FY21 voted budget

2 - Current Expenditures - FY21

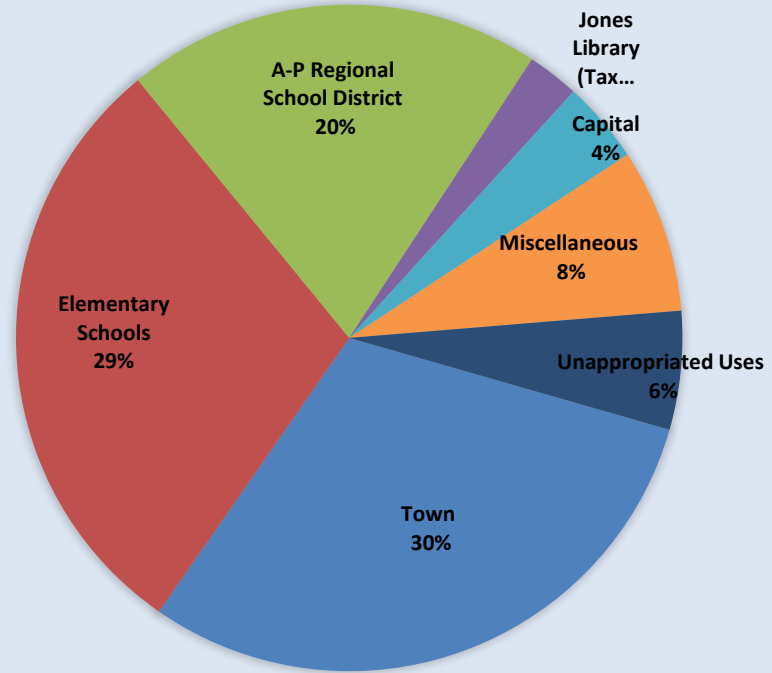
General Fund Expenditures FY12

\$64,269,653



General Fund Expenditures FY21

\$81,333,439



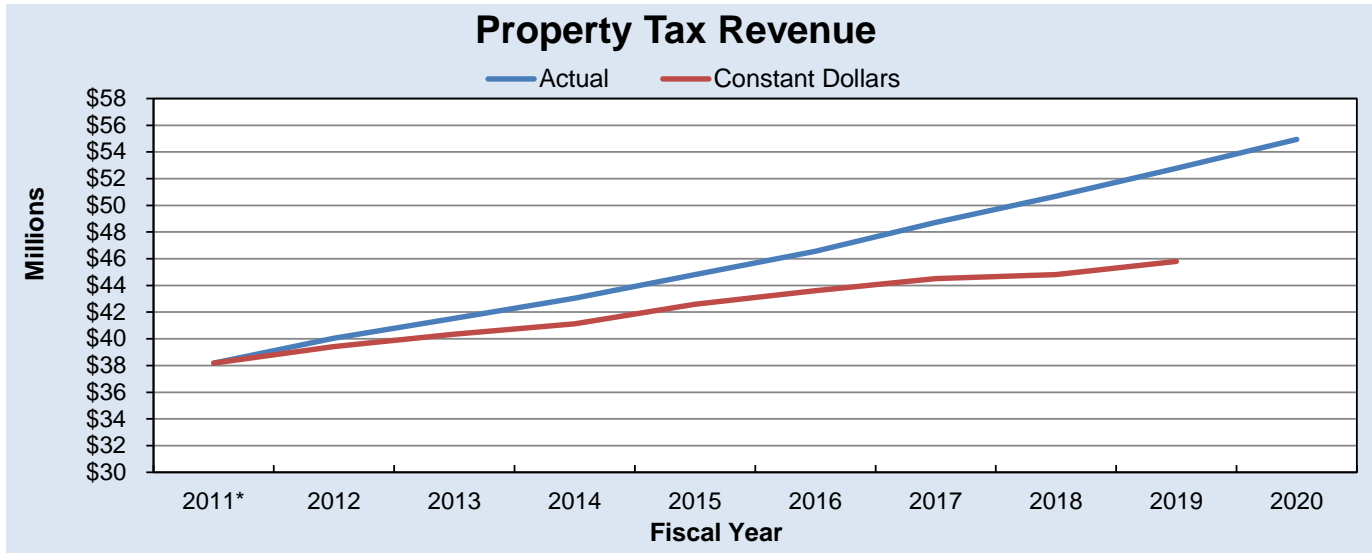
Miscellaneous expenses include retirement, regional lockup, OPEB, and the Reserve Fund.

Unappropriated Uses includes Reserve for abatements and exemptions, state assessments (cherry sheet), cherry sheet offsets and other amounts to be raised.

Source: FY21 voted budget

3 - Property Tax Revenue

A decline in property tax revenues (measured in constant dollars) is considered a warning indicator.



Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	

The Property Tax is the Town's primary revenue source for both operating and capital spending. Annual increases are limited by Proposition 2 1/2. Revenues have increased but the spending power has been significantly offset by inflation.

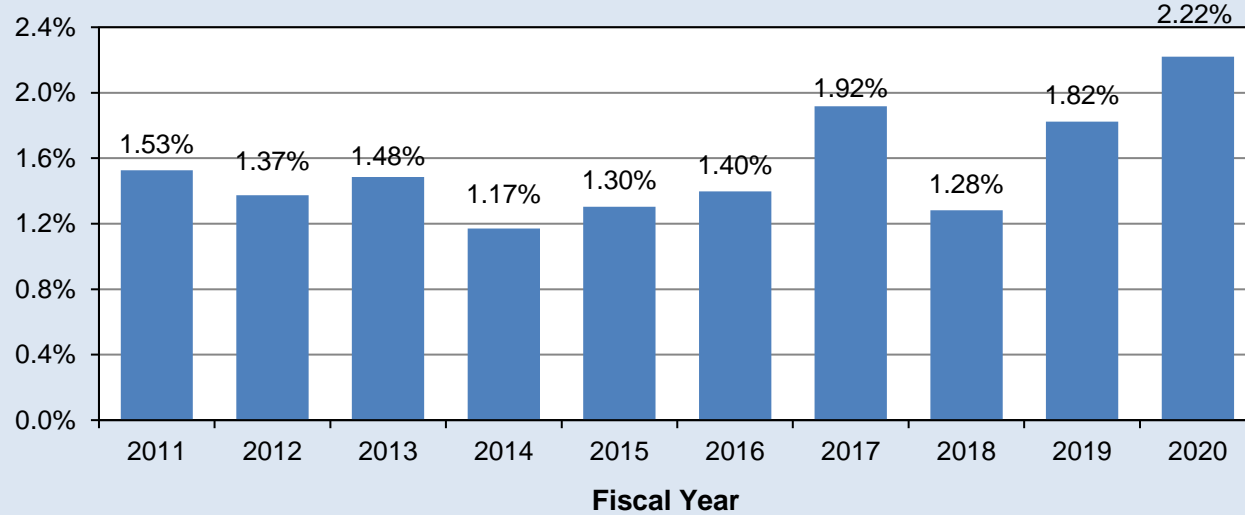
Formula	Property Tax Revenues (Constant Dollars)									
Fiscal Year	2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential Property Tax Levy	\$ 34,807,241	\$ 36,250,802	\$ 37,517,255	\$ 38,828,700	\$ 40,397,178	\$ 41,921,414	\$ 43,513,963	\$ 45,205,953	\$ 46,997,719	\$ 48,829,483
Commercial Property Tax Levy	\$ 2,724,022	\$ 2,887,813	\$ 3,030,827	\$ 3,152,389	\$ 3,209,819	\$ 3,355,912	\$ 3,414,442	\$ 3,664,975	\$ 3,913,441	\$ 4,141,746
Industrial Property Tax Levy	\$ 78,569	\$ 89,955	\$ 92,917	\$ 95,560	\$ 95,909	\$ 99,085	\$ 101,933	\$ 99,641	\$ 102,752	\$ 101,662
Personal Property Tax Levy	\$ 922,478	\$ 1,115,462	\$ 1,158,726	\$ 1,177,409	\$ 1,290,528	\$ 1,317,484	\$ 1,775,355	\$ 1,742,226	\$ 1,751,192	\$ 1,866,491
Property Tax Total	\$ 38,532,310	\$ 40,344,032	\$ 41,799,725	\$ 43,254,058	\$ 44,993,435	\$ 46,693,895	\$ 48,805,693	\$ 50,712,795	\$ 52,765,104	\$ 54,939,382
Less - Excluded Debt	\$ 352,466	\$ 305,688	\$ 259,374	\$ 213,522	\$ 171,480	\$ 125,378	\$ 76,709	\$ 32,250	\$ -	\$ -
Net Property Tax Revenue	\$ 38,179,844	\$ 40,038,344	\$ 41,540,351	\$ 43,040,536	\$ 44,821,955	\$ 46,568,517	\$ 48,728,984	\$ 50,680,545	\$ 52,765,104	\$ 54,939,382
CPI - U, Base Period = 1982-1984	243.9	247.7	251.1	255.2	256.7	260.5	267.0	275.8	281.0	0.0
CPI - U, Adjustment for constant dollars (2011 dollars)	100%	98%	97%	96%	95%	94%	91%	88%	87%	
Property Tax Revenue (constant dollars)	\$ 38,179,844	\$ 39,424,110	\$ 40,349,230	\$ 41,134,744	\$ 42,586,968	\$ 43,601,003	\$ 44,513,106	\$ 44,818,655	\$ 45,798,608	
Percent Change - Property Tax Revenue (constant dollars)	0.0%	3.3%	2.3%	1.9%	3.5%	2.4%	2.1%	0.7%	2.2%	

*The \$1,680,000 override approved in March 2010 increases property tax bills beginning in FY11 (July 2010 - June 2011).

4 - Uncollected Property Taxes

Uncollected property taxes (as a percent of the property tax levy) of 5-8 percent is considered a warning indicator by the Bond rating organizations.

Uncollected Taxes as a Percentage of Net Property Tax Levy



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

An increase in uncollected property taxes may indicate declining ability of property owners to pay their taxes. As uncollected property taxes rise, liquidity decreases, also resulting in less cash on hand for the Town to invest. Bond rating organizations generally consider uncollected taxes in excess of 5% as a warning trend.

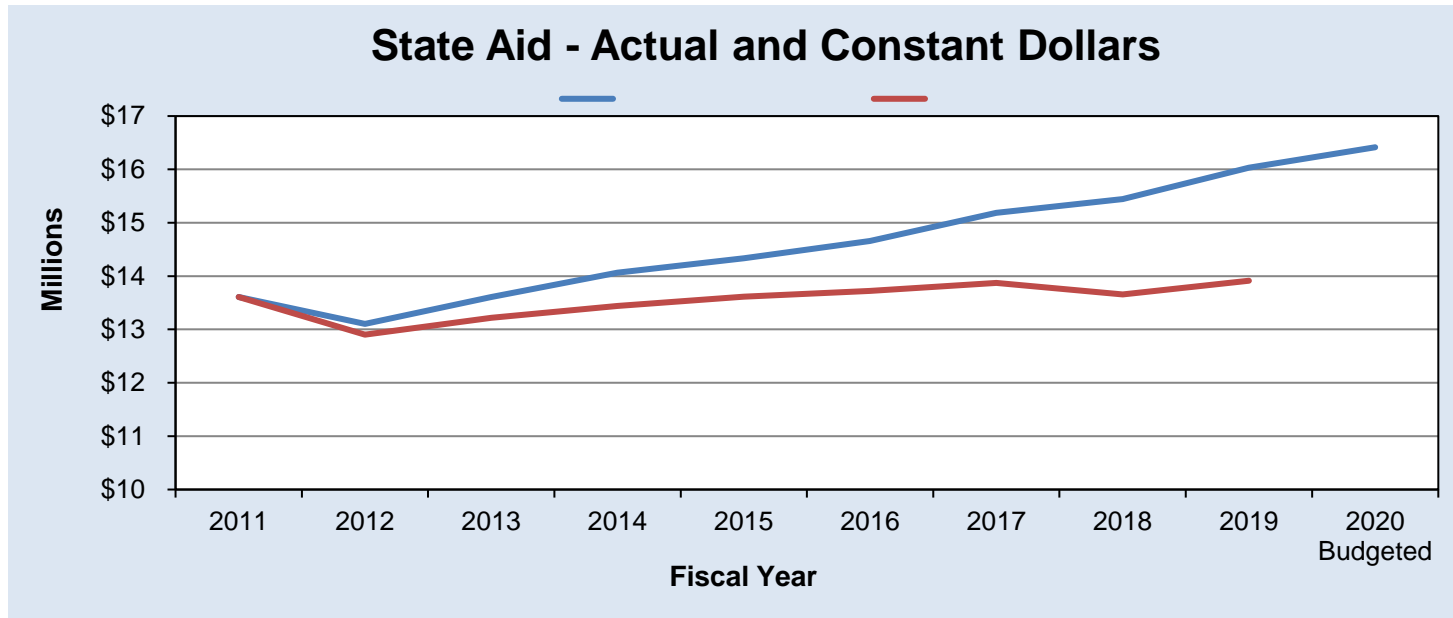
All normal procedures were followed in assessing and collecting. In 2020, the deadline for paying taxes was extended due to the pandemic which contributed to the increase.

Formula	Uncollected Taxes as a Percentage of Net Property Tax Levy									
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential Property Tax Levy	\$ 34,807,241	\$ 36,250,802	\$ 37,517,255	\$ 38,828,700	\$ 40,397,178	\$ 41,921,414	\$ 43,513,963	\$ 45,205,953	\$ 46,997,719	\$ 48,829,483
Commercial Property Tax Levy	\$ 2,724,022	\$ 2,887,813	\$ 3,030,827	\$ 3,152,389	\$ 3,209,819	\$ 3,355,912	\$ 3,414,442	\$ 3,664,975	\$ 3,913,441	\$ 4,141,746
Industrial Property Tax Levy	\$ 78,569	\$ 89,955	\$ 92,917	\$ 95,560	\$ 95,909	\$ 99,085	\$ 101,933	\$ 99,641	\$ 102,752	\$ 101,662
Personal Property Tax Levy	\$ 922,478	\$ 1,115,462	\$ 1,158,726	\$ 1,177,409	\$ 1,290,528	\$ 1,317,484	\$ 1,775,355	\$ 1,742,226	\$ 1,751,192	\$ 1,866,491
Property Tax Subtotal	\$ 38,532,310	\$ 40,344,032	\$ 41,799,725	\$ 43,254,058	\$ 44,993,435	\$ 46,693,895	\$ 48,805,693	\$ 50,712,795	\$ 52,765,104	\$ 54,939,382
Reserved for Abatements & Exemptions	\$ 368,633	\$ 376,985	\$ 413,331	\$ 426,042	\$ 448,120	\$ 467,928	\$ 480,146	\$ 517,647	\$ 525,280	\$ 525,979
Net Property Tax Levy	\$ 38,163,677	\$ 39,967,047	\$ 41,386,394	\$ 42,828,016	\$ 44,545,315	\$ 46,225,967	\$ 48,325,547	\$ 50,195,148	\$ 52,239,824	\$ 54,413,403
Uncollected Taxes as of June 30	\$ 582,418	\$ 549,086	\$ 614,322	\$ 501,145	\$ 580,436	\$ 645,580	\$ 926,305	\$ 643,529	\$ 952,436	\$ 1,207,652
Uncollected Taxes as a Percentage of Net Property Tax Levy	1.53%	1.37%	1.48%	1.17%	1.30%	1.40%	1.92%	1.28%	1.82%	2.22%

Source: Collector

5 - State Aid - Actual and Constant Dollars

Reductions in State Aid are considered a warning indicator, particularly if the Town does not have adequate reserves or other revenues to offset cuts.



Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	X

Reliance on State Aid for funding has both an upside and a downside. While increases in State Aid may permit additional services, increased state aid as a percentage of operating revenue may be difficult to manage when there is a reduction in this funding.

State Aid to the Town has consistently increased since 2012 and in FY20 we have almost reached pre-recession levels.

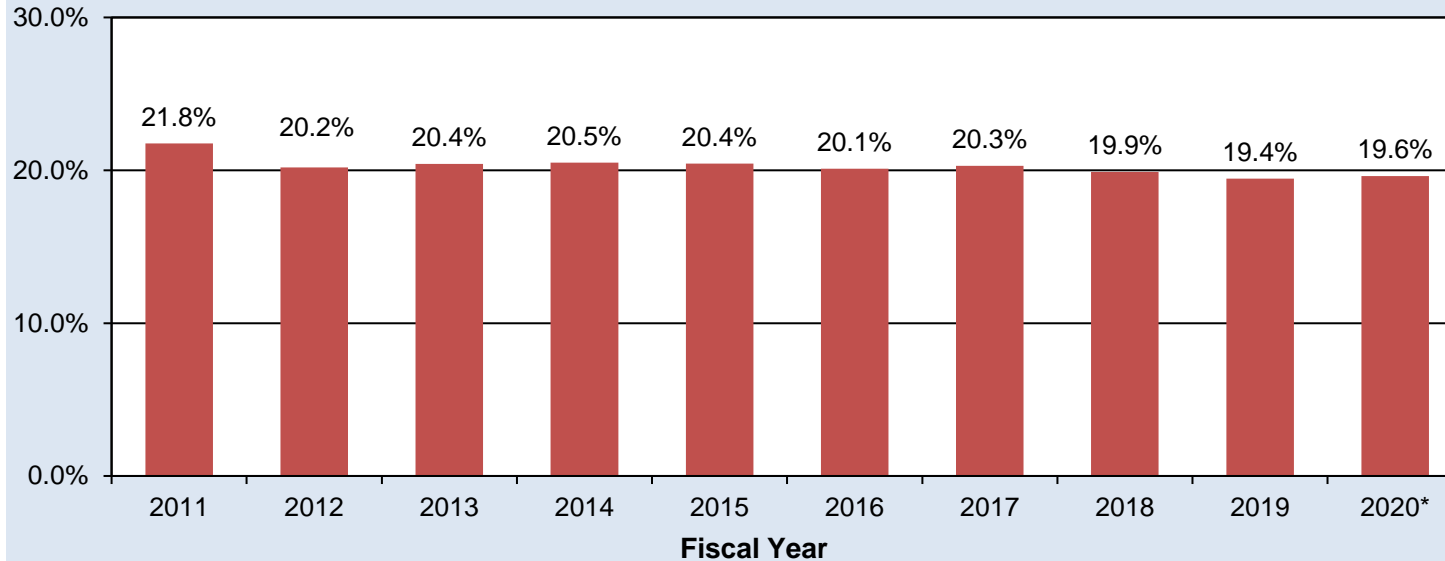
Formula	State Aid / Operating Revenues									
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 Budgeted
State Aid	\$ 13,606,299	\$ 13,104,161	\$ 13,608,331	\$ 14,066,500	\$ 14,331,663	\$ 14,656,286	\$ 15,187,439	\$ 15,442,471	\$ 16,030,019	\$ 16,415,494
CPI - U, Base Period = 1982-1984	243.9	247.7	251.1	255.2	256.7	260.5	267	275.8	281.0	
CPI - U, Adjustment for constant dollars (2011 dollars)	100%	98%	97%	96%	95%	94%	91%	88%	87%	
Adjusted State Aid (constant dollars)	\$ 13,606,299	\$ 12,903,128	\$ 13,218,128	\$ 13,443,649	\$ 13,617,034	\$ 13,722,335	\$ 13,873,470	\$ 13,656,340	\$ 13,913,600	\$ -

Source: Massachusetts Department of Revenue "Cherry Sheets".

6 - State Aid as a Percentage of Operating Revenues

Reductions in State Aid as a percentage of operating revenues is considered a warning indicator, particularly if the Town does not have adequate reserves.

State Aid as a Percentage of Operating Revenues



Amherst Trend	
Favorable	
Marginal	
Unfavorable	X
Uncertain	X

State Aid as a percentage of operating revenue dropped significantly every fiscal year from our peak in FY08 through FY12 and has remained flat since.

State Aid dollars have been steady since 2012 but future growth or reduction remains uncertain.

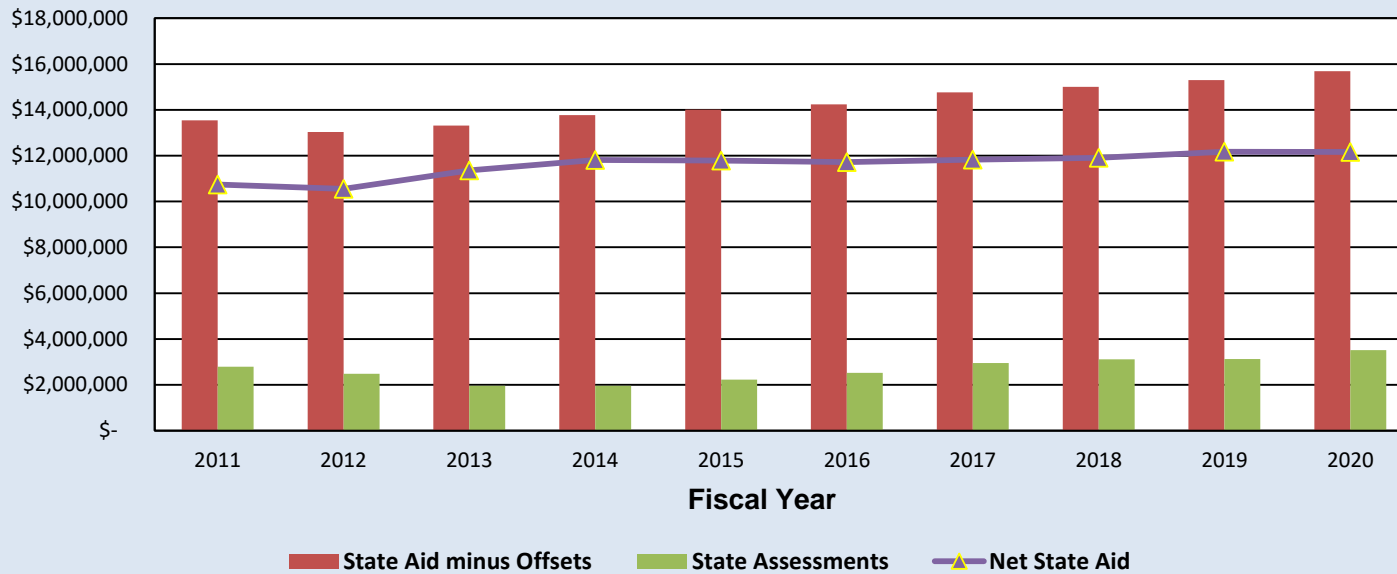
Formula	State Aid / Operating Revenues									
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
Gross Operating Revenue*	\$ 62,865,469	\$ 65,253,280	\$ 66,919,847	\$ 68,833,087	\$ 70,297,975	\$ 73,001,555	\$ 74,951,794	\$ 77,654,874	\$ 82,417,684	\$ 83,672,924
Less - Excluded Debt	\$ 352,466	\$ 305,688	\$ 259,374	\$ 213,522	\$ 171,480	\$ 125,378	\$ 76,709	\$ 32,250	\$ -	\$ -
Net Operating Revenue	\$ 62,513,003	\$ 64,947,592	\$ 66,660,473	\$ 68,619,565	\$ 70,126,495	\$ 72,876,177	\$ 74,875,085	\$ 77,622,624	\$ 82,417,684	\$ 83,672,924
State Aid	\$ 13,606,299	\$ 13,104,161	\$ 13,608,331	\$ 14,066,500	\$ 14,331,663	\$ 14,656,286	\$ 15,187,439	\$ 15,442,471	\$ 16,030,019	\$ 16,415,494
State Aid as a % of Operating Revenue	21.8%	20.2%	20.4%	20.5%	20.4%	20.1%	20.3%	19.9%	19.4%	19.6%

* 2020 Recap

Source: Massachusetts Department of Revenue "Cherry Sheets".

6.1 - Amherst State Aid History

Amherst State Aid History



Amherst Trend

Favorable	
Marginal	X
Unfavorable	
Uncertain	X

Net State Aid is calculated by starting with State Aid, then subtracting Offsets that go directly to the Jones Library and Elementary School (for School Choice tuition) and also State Assessments (PVTa, School Choice Assessments and Charter School Assessments).

Net State Aid is the amount of State Aid that is available to appropriate each year.

In recent years, both State Aid and State Assessments have increased, so Net State Aid has remained level.

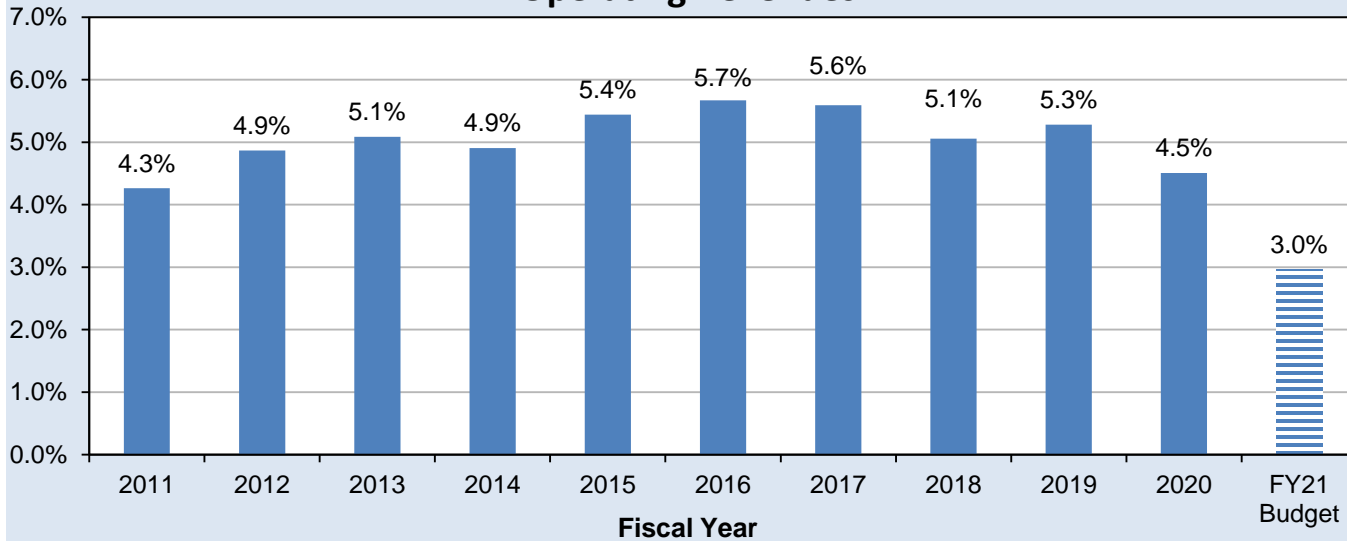
Formula	State Aid / Operating Revenues									
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
State Aid	\$ 13,606,299	\$ 13,104,161	\$ 13,608,331	\$ 14,066,500	\$ 14,331,663	\$ 14,656,286	\$ 15,187,439	\$ 15,442,471	\$ 16,030,019	\$ 16,415,494
Offsets	\$ 70,096	\$ 70,456	\$ 289,506	\$ 293,170	\$ 322,839	\$ 418,543	\$ 419,883	\$ 436,173	\$ 729,842	\$ 728,366
State Aid minus Offsets	\$ 13,536,203	\$ 13,033,705	\$ 13,318,825	\$ 13,773,330	\$ 14,008,824	\$ 14,237,743	\$ 14,767,556	\$ 15,006,298	\$ 15,300,177	\$ 15,687,128
State Assessments	\$ 2,792,740	\$ 2,483,026	\$ 1,958,032	\$ 1,956,175	\$ 2,225,513	\$ 2,520,833	\$ 2,944,704	\$ 3,106,300	\$ 3,130,246	\$ 3,520,760
Net State Aid	\$ 10,743,463	\$ 10,550,679	\$ 11,360,793	\$ 11,817,155	\$ 11,783,311	\$ 11,716,910	\$ 11,822,852	\$ 11,899,998	\$ 12,169,931	\$ 12,166,368

Source: Massachusetts Department of Revenue "Cherry Sheets".

7 - Revenues Related to Economic Growth

Decreasing revenues related to economic growth as a percentage of net operating revenues may be considered a warning indicator

Economic Growth Revenues as a Percentage of Operating Revenues



Amherst Trend	
Favorable	
Marginal	
Unfavorable	X
Uncertain	X

A balance between economic growth and other (non-growth) revenues mitigates the effect of macroeconomic changes--during a recession a higher percentage of revenue from non-growth sources is preferred.

During the Great Recession (2007 - 2009) and its period of slow recovery afterwards, building permit fees (a precursor of future new growth), property tax from new growth, and motor vehicle excise taxes declined as a percent of revenue. The pandemic has slowed economic development revenues in FY20 and FY21.

Formula	Economic Growth Revenues / Operating Revenues										
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	FY21 Budget
Net Operating Revenues	\$ 62,513,003	\$ 64,947,592	\$ 66,660,473	\$ 68,619,565	\$ 70,126,495	\$ 72,876,177	\$ 74,875,085	\$ 77,622,624	\$ 82,417,684	\$ 83,672,924	\$ 81,333,439
Building Related Fees & Permits*	\$ 378,067	\$ 489,882	\$ 654,641	\$ 574,259	\$ 781,755	\$ 946,303	\$ 633,244	\$ 534,215	\$ 925,061	\$ 509,100	\$ 319,000
Motor Vehicle Excise	\$ 1,423,261	\$ 1,559,389	\$ 1,488,012	\$ 1,540,811	\$ 1,624,290	\$ 1,865,700	\$ 1,833,759	\$ 1,916,204	\$ 1,883,788	\$ 1,724,121	\$ 1,462,500
Tax Levy from New Construction	\$ 367,924	\$ 473,730	\$ 504,145	\$ 455,075	\$ 707,541	\$ 624,631	\$ 1,012,274	\$ 730,933	\$ 819,985	\$ 856,060	\$ 450,000
Meals Tax	\$ 311,533	\$ 399,287	\$ 417,803	\$ 447,986	\$ 466,126	\$ 491,004	\$ 504,246	\$ 533,890	\$ 509,976	\$ 459,531	\$ 125,000
Hotel/Motel Tax	\$ 183,456	\$ 239,686	\$ 327,205	\$ 348,191	\$ 237,366	\$ 204,972	\$ 204,356	\$ 211,852	\$ 213,522	\$ 220,812	\$ 50,000
Total Economic Growth Revenues	\$ 2,664,241	\$ 3,161,974	\$ 3,391,806	\$ 3,366,321	\$ 3,817,078	\$ 4,132,610	\$ 4,187,879	\$ 3,927,094	\$ 4,352,332	\$ 3,769,624	\$ 2,406,500
Economic Growth Revenues as a % of Operating Revenues	4.3%	4.9%	5.1%	4.9%	5.4%	5.7%	5.6%	5.1%	5.3%	4.5%	3.0%

*Building Related Fees & Permits includes the following permits: Street Opening, Building, Plumbing, Gas & Electrical

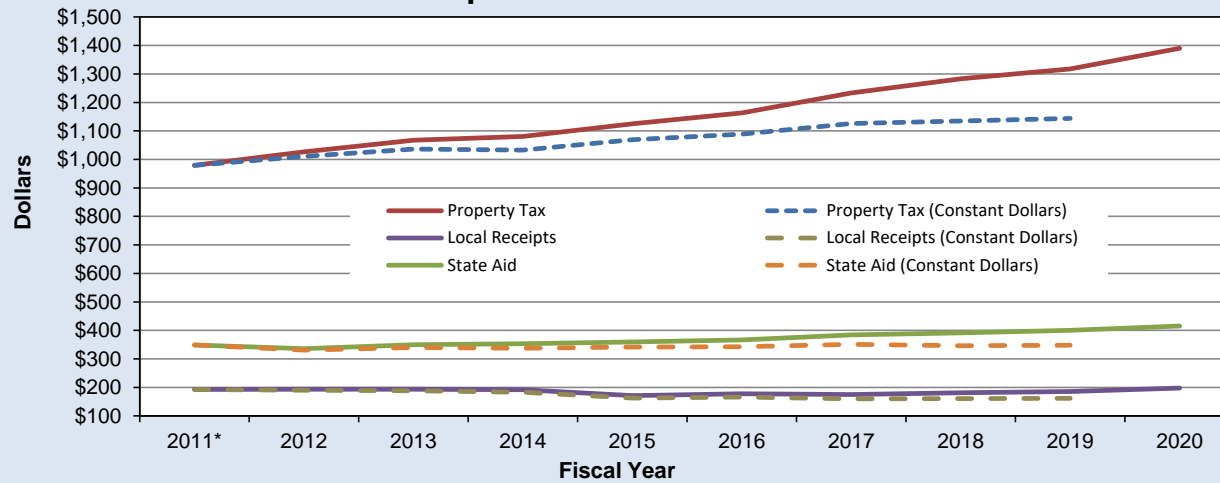
**Of the \$1,012,274 for FY17 new growth, \$450,000 is growth in personal property from WMECO dba Eversource. They replaced infrastructure, (underground cable and lines).

The remaining \$560K is normal trend in new growth.

Sources: Amherst Finance Department, Massachusetts Department of Revenue

8 - Revenue Per Capita - Actual and Constant Dollars

Revenue Per Capita - Actual and Constant Dollars



Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	X

Revenues from the property tax have increased by the allowable limits of Proposition 2 ½.

Local receipts remain relatively flat.

State Aid went down during the last recession and we are close to reaching pre-recession levels which was \$16.9 million in FY 2008.

Formula	Revenues									
Fiscal Year	2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential Property Tax Levy	\$ 34,807,241	\$ 36,250,802	\$ 37,517,255	\$ 38,828,700	\$ 40,397,178	\$ 41,921,414	\$ 43,513,963	\$ 45,205,953	\$ 46,997,719	\$ 48,829,483
Commercial Property Tax Levy	\$ 2,724,022	\$ 2,887,813	\$ 3,030,827	\$ 3,152,389	\$ 3,209,819	\$ 3,355,912	\$ 3,414,442	\$ 3,664,975	\$ 3,913,441	\$ 4,141,746
Industrial Property Tax Levy	\$ 78,569	\$ 89,955	\$ 92,917	\$ 95,560	\$ 95,909	\$ 99,085	\$ 101,933	\$ 99,641	\$ 102,752	\$ 101,662
Personal Property Tax Levy	\$ 922,478	\$ 1,115,462	\$ 1,158,726	\$ 1,177,409	\$ 1,290,528	\$ 1,317,484	\$ 1,775,355	\$ 1,742,226	\$ 1,751,192	\$ 1,866,491
Property Tax Total	\$ 38,532,310	\$ 40,344,032	\$ 41,799,726	\$ 43,254,058	\$ 44,993,435	\$ 46,693,895	\$ 48,805,693	\$ 50,712,795	\$ 52,765,104	\$ 54,939,382
Less - Excluded Debt	\$ 352,466	\$ 305,688	\$ 259,374	\$ 213,522	\$ 171,480	\$ 125,378	\$ 76,709	\$ 32,250	\$ -	\$ -
Net Property Tax Revenue	\$ 38,179,844	\$ 40,038,344	\$ 41,540,352	\$ 43,040,536	\$ 44,821,955	\$ 46,568,517	\$ 48,728,984	\$ 50,680,545	\$ 52,765,104	\$ 54,939,382
Local Receipts	\$ 7,509,884	\$ 7,541,195	\$ 7,542,171	\$ 7,622,874	\$ 6,817,354	\$ 7,099,227	\$ 6,915,091	\$ 7,159,793	\$ 7,434,087	\$ 7,810,564
State Aid	\$ 13,606,299	\$ 13,104,161	\$ 13,608,331	\$ 14,066,500	\$ 14,331,663	\$ 14,656,286	\$ 15,187,439	\$ 15,442,471	\$ 16,030,019	\$ 16,415,494
Population	38,991	39,016	38,919	39,826	39,833	40,036	39,523	39,503	40,036	39,523
Property Tax per Capita	\$979.20	\$1,026.20	\$1,067.35	\$1,080.71	\$1,125.25	\$1,163.17	\$1,232.93	\$1,282.95	\$1,317.94	\$1,390.06
Local Receipts per Capita	\$192.61	\$193.28	\$193.79	\$191.40	\$171.15	\$177.32	\$174.96	\$181.25	\$185.69	\$197.62
State Aid per Capita	\$348.96	\$335.87	\$349.66	\$353.20	\$359.79	\$366.08	\$384.27	\$390.92	\$400.39	\$415.34
CPI - U, Base Period = 1982-1984	243.9	247.7	251.1	255.2	256.7	260.5	267	275.8	281	
CPI - U, Adjustment for constant dollars (2011 dollars)	100%	98%	97%	96%	95%	94%	91%	88%	87%	
Adjusted Property Taxes	\$ 38,179,844	\$ 39,424,110	\$ 40,349,231	\$ 41,134,744	\$ 42,586,969	\$ 43,601,003	\$ 44,513,106	\$ 44,818,655	\$ 45,798,608	
Adjusted Local Receipts	\$ 7,509,884	\$ 7,425,504	\$ 7,325,908	\$ 7,285,341	\$ 6,477,416	\$ 6,646,839	\$ 6,316,819	\$ 6,331,666	\$ 6,452,576	
Adjusted State Aid	\$ 13,606,299	\$ 12,903,128	\$ 13,218,128	\$ 13,443,649	\$ 13,617,034	\$ 13,722,335	\$ 13,873,470	\$ 13,656,340	\$ 13,913,600	
Population	38,991	39,016	38,919	39,826	39,833	40,036	39,523	39,503	40,036	
Property Tax per Capita	\$979.20	\$1,010.46	\$1,036.75	\$1,032.86	\$1,069.14	\$1,089.04	\$1,126.26	\$1,134.56	\$1,143.94	
Local Receipts per Capita	\$192.61	\$190.32	\$188.23	\$182.93	\$162.61	\$166.02	\$159.83	\$160.28	\$161.17	
State Aid per Capita	\$348.96	\$330.71	\$339.63	\$337.56	\$341.85	\$342.75	\$351.02	\$345.70	\$347.53	

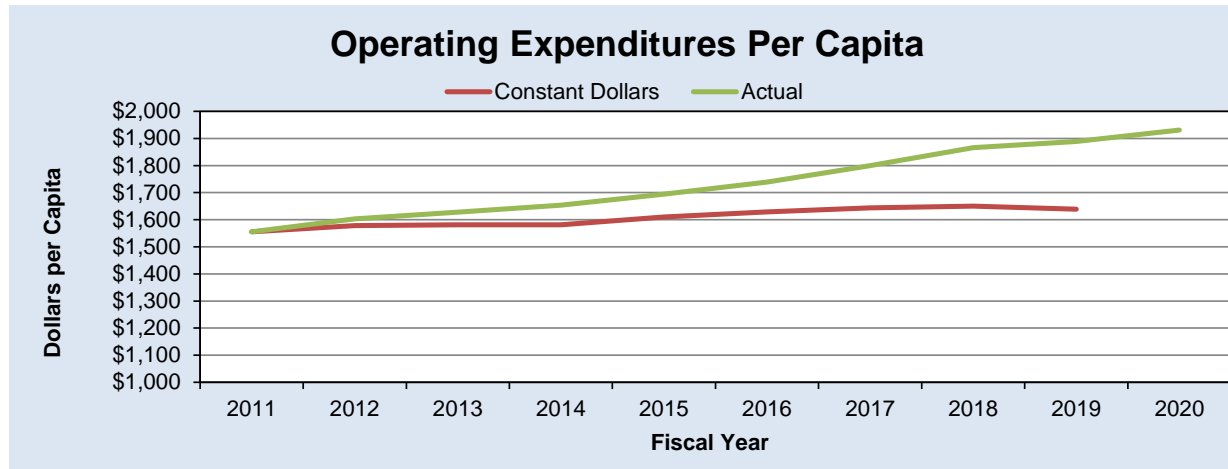
* The \$1,680,000 override approved in March 2010 increased property tax bills beginning in FY11 (July 2010 - June 2011).

** Estimated

Source: Massachusetts Department of Revenue

9 - Operating Expenditures Per Capita

Increasing net operating expenditures per capita (in constant dollars) may be considered a warning indicator.



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

Increasing operating expenditures per capita can indicate that the cost of providing services is outpacing the Town's ability to pay.

Since 2011, Amherst's expenditures per capita have increased by just 0.7% per year when adjusted for inflation.

Formula	Net Operating Expenditures & Transfers (Constant Dollars) / Population									
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government *	\$ 3,363,964	\$ 3,516,965	\$ 3,474,653	\$ 3,601,606	\$ 3,841,197	\$ 3,916,379	\$ 3,932,405	\$ 4,102,756	\$ 4,187,653	\$ 4,290,498
Police, Fire & Other Public Safety**	\$ 8,731,259	\$ 8,910,980	\$ 9,274,258	\$ 9,581,596	\$ 10,026,697	\$ 10,469,095	\$ 10,682,194	\$ 10,903,636	\$ 11,117,889	\$ 11,400,752
Education	\$ 33,851,275	\$ 34,660,935	\$ 35,490,746	\$ 36,405,560	\$ 36,200,945	\$ 36,816,887	\$ 37,283,652	\$ 38,224,036	\$ 39,552,600	\$ 40,200,649
Public Works	\$ 1,700,297	\$ 1,540,889	\$ 1,476,136	\$ 1,767,158	\$ 1,859,625	\$ 1,684,967	\$ 1,932,373	\$ 1,899,295	\$ 1,923,807	\$ 1,835,911
Community Services ***	\$ 1,814,054	\$ 2,005,351	\$ 2,182,856	\$ 2,223,299	\$ 2,313,828	\$ 2,259,701	\$ 2,185,459	\$ 2,144,432	\$ 2,159,490	\$ 2,088,400
Library	\$ 1,509,622	\$ 1,665,666	\$ 1,690,788	\$ 1,741,512	\$ 1,788,532	\$ 1,833,245	\$ 1,879,077	\$ 1,926,054	\$ 1,993,466	\$ 2,043,302
Debt Service & Fixed Costs****	\$ 6,921,459	\$ 7,680,076	\$ 7,661,412	\$ 8,559,146	\$ 9,032,093	\$ 9,731,518	\$ 10,268,686	\$ 11,491,838	\$ 11,357,295	\$ 11,313,185
Intergovernmental	\$ 2,754,264	\$ 2,564,567	\$ 2,120,304	\$ 1,997,431	\$ 2,418,897	\$ 2,623,219	\$ 2,945,975	\$ 3,017,606	\$ 3,314,503	\$ 3,142,887
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,345	\$ -	\$ -	\$ -	\$ -
Total Operating Expenditures	\$ 60,646,194	\$ 62,545,429	\$ 63,371,153	\$ 65,877,308	\$ 67,481,814	\$ 69,631,356	\$ 71,109,821	\$ 73,709,653	\$ 75,606,703	\$ 76,315,584
CPI - U, Base Period = 1982-1984	243.9	247.7	251.1	255.2	256.7	260.5	267	275.8	281.0	
CPI - U, Adjustment for constant dollars (2011 dollars)	100%	98%	97%	96%	95%	94%	91%	88%	87%	
Adjusted Net Operating Expenditures	\$ 60,646,194	\$ 61,585,911	\$ 61,554,059	\$ 62,960,327	\$ 64,116,924	\$ 65,194,195	\$ 64,957,623	\$ 65,184,135	\$ 65,624,466	\$ -
Population	38,991	39,016	38,919	39,826	39,833	40,036	39,523	39,503	40,036	39,523
Operating Expenditures per Capita	\$1,555.39	\$1,603.07	\$1,628.28	\$1,654.13	\$1,694.12	\$1,739.22	\$1,799.20	\$1,865.93	\$1,888.47	\$1,930.92
Operating Expenditures per Capita (constant dollars)	\$1,555.39	\$1,578.48	\$1,581.59	\$1,580.89	\$1,609.64	\$1,628.39	\$1,643.54	\$1,650.11	\$1,639.14	
Percent Change - Expenditures per Capita	0.0%	1.5%	0.2%	0.0%	1.8%	1.2%	0.9%	0.4%	-0.7%	

Source: Massachusetts Department of Revenue

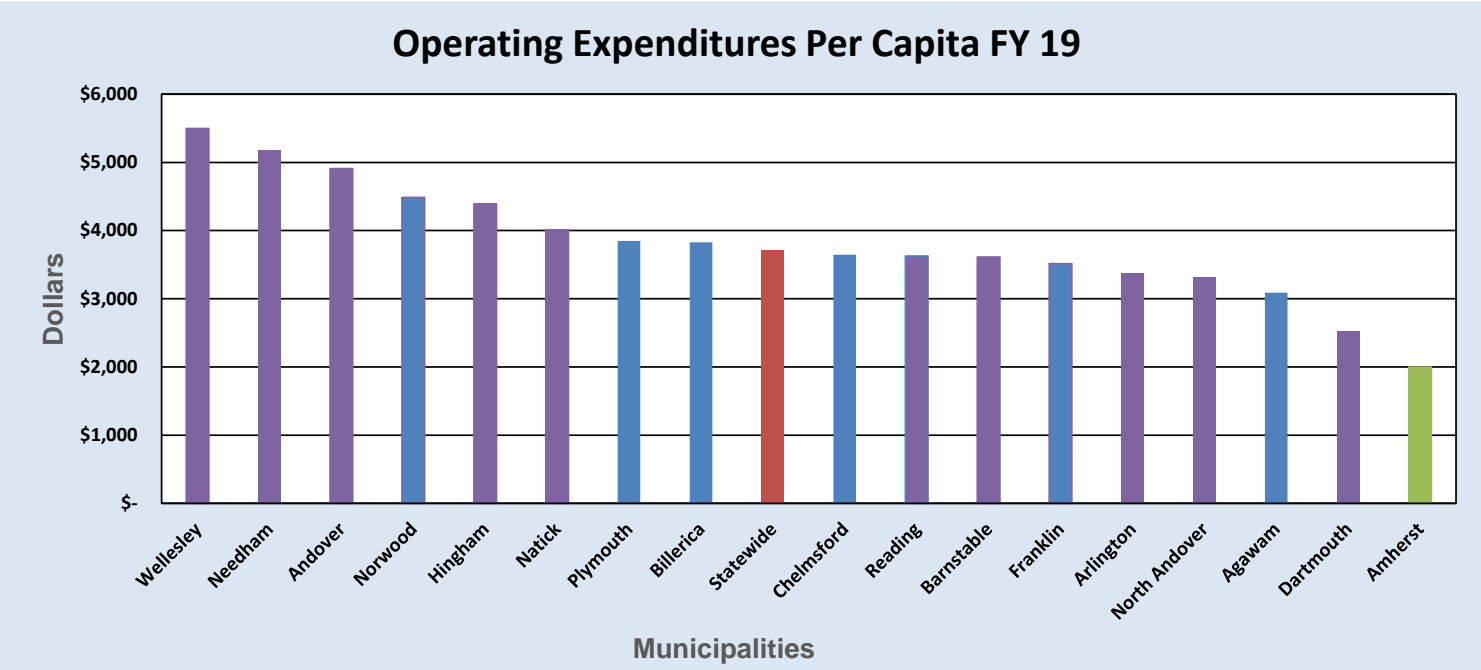
* General Government includes: Select Board, Town Manager, Finance Department, Legal, Facilities Maintenance, Clerks, Planning, and Conservation

** Police, Fire & Other Public Safety includes Inspection Services

*** Community Services includes Health, Senior Center, Community Development (Social Services), Veterans' Services, LSSE, Pools, Golf Course

**** Debt Service & Fixed Costs includes Workers' Compensation, Unemployment, Health Insurance, Other Employee Benefits, and Retirement

9.1 - Operating Expenditures Per Capita FY19



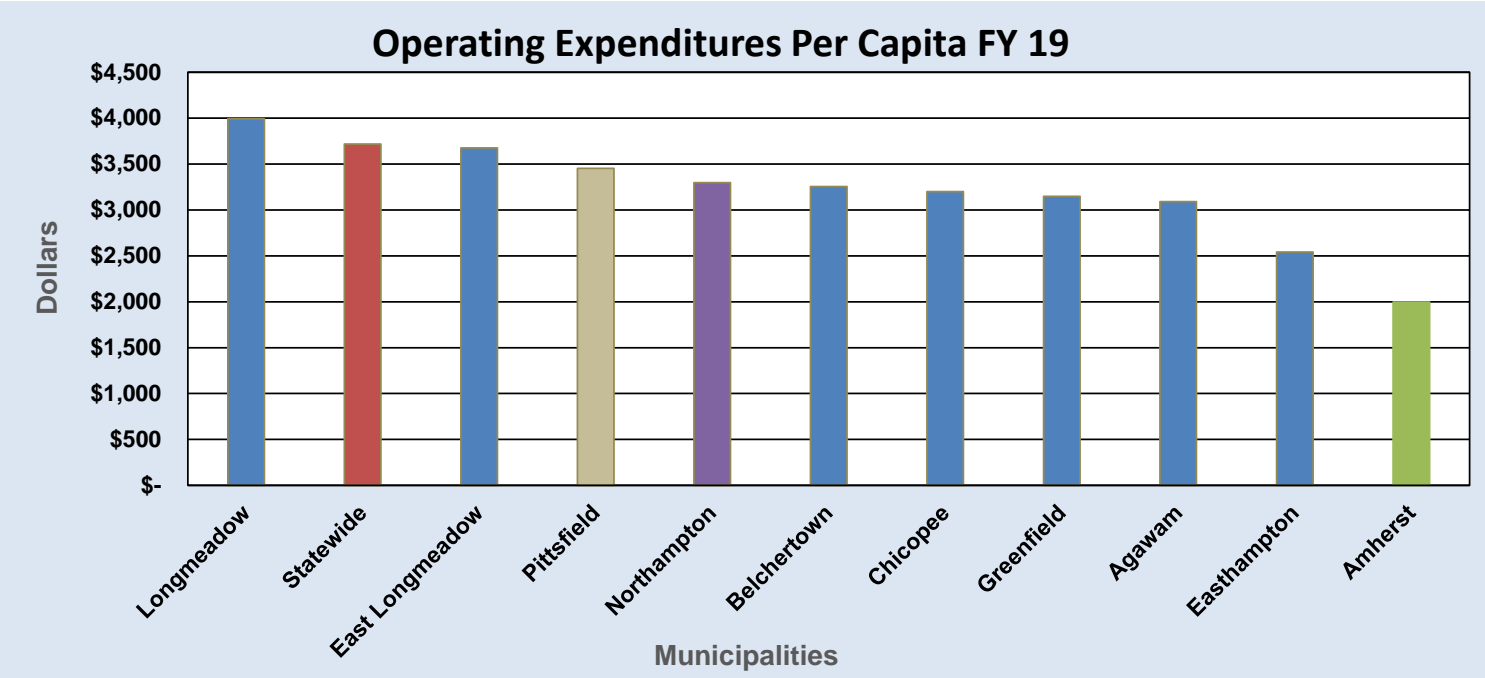
Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

The per capita expenditure in Amherst is below our peer communities and far below (48% less than) the statewide average.

Municipality		Municipality	
Sum of Operating Expenditures Per Capita		Sum of Operating Expenditures Per Capita	
Wellesley	\$ 5,450.54	Chelmsford	\$ 3,687.07
Needham	\$ 5,047.57	Reading	\$ 3,828.90
Andover	\$ 4,278.79	Barnstable	\$ 3,471.92
Norwood	\$ 4,504.61	Franklin	\$ 3,676.11
Hingham	\$ 4,495.24	Arlington	\$ 3,340.68
Natick	\$ 4,028.61	North Andover	\$ 3,089.69
Plymouth	\$ 3,308.77	Agawam	\$ 3,256.92
Billerica	\$ 3,317.56	Dartmouth	\$ 2,573.69
Statewide	\$ 3,604.70	Amherst	\$ 1,888.47

Source: Massachusetts Department of Revenue

9.1 - Operating Expenditures Per Capita FY19 Local Comparison



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

The per capita expenditure in Amherst is below our local communities and far below (48% less than) the statewide average.

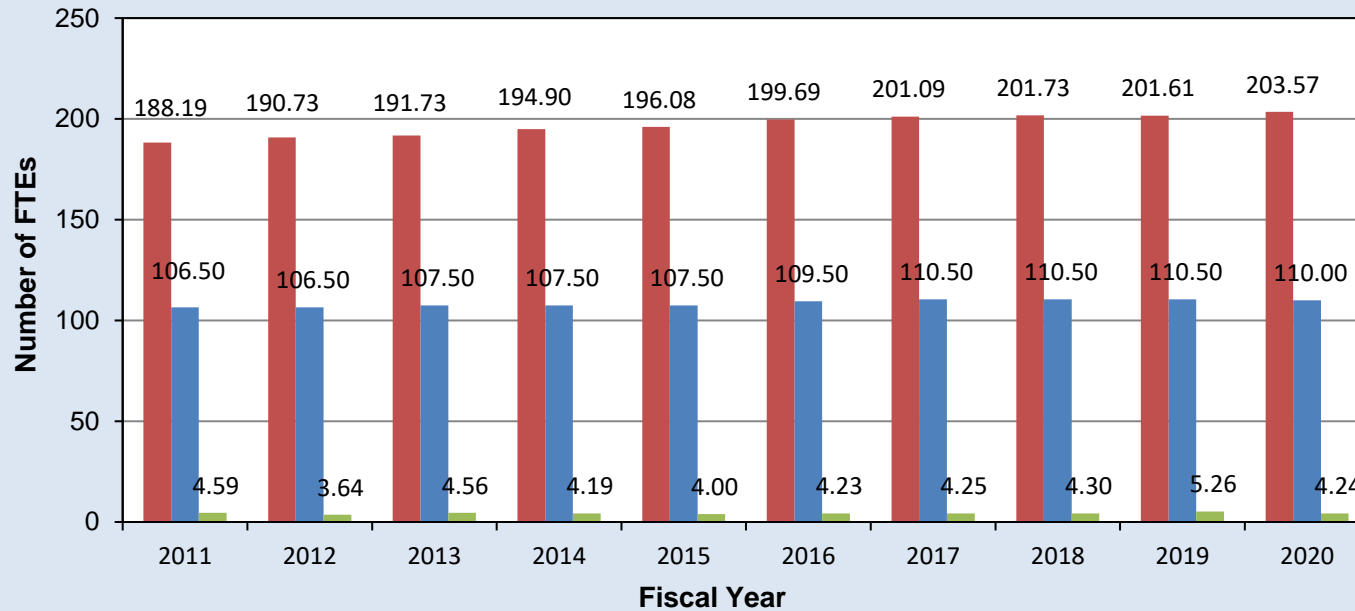
Municipality	Sum of Operating Expenditures Per Capita	
Longmeadow	\$	3,681.40
Statewide	\$	3,604.70
East Longmeadow	\$	3,558.42
Pittsfield	\$	3,634.99
Northampton	\$	3,291.50
Belchertown	\$	3,332.67
Chicopee	\$	3,247.93
Greenfield	\$	3,167.00
Agawam	\$	3,256.92
Easthampton	\$	2,586.43
Amherst	\$	1,888.47

Source: Massachusetts Department of Revenue

10 - Municipal Staffing Levels

Municipal Staffing Levels Full Time Equivalent Employees

■ Total Municipal ■ Public Safety ■ Grant Positions



Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	

The Town has increased its workforce by 15.38 positions since FY11, or 8.17%.

Although this number may seem high we are still well below 2007 when we peaked at 212.78 FTE's. By 2010 we were down to 191.32, a loss of 21.46 FTE's. This was a 10% reduction in positions during the last recession.

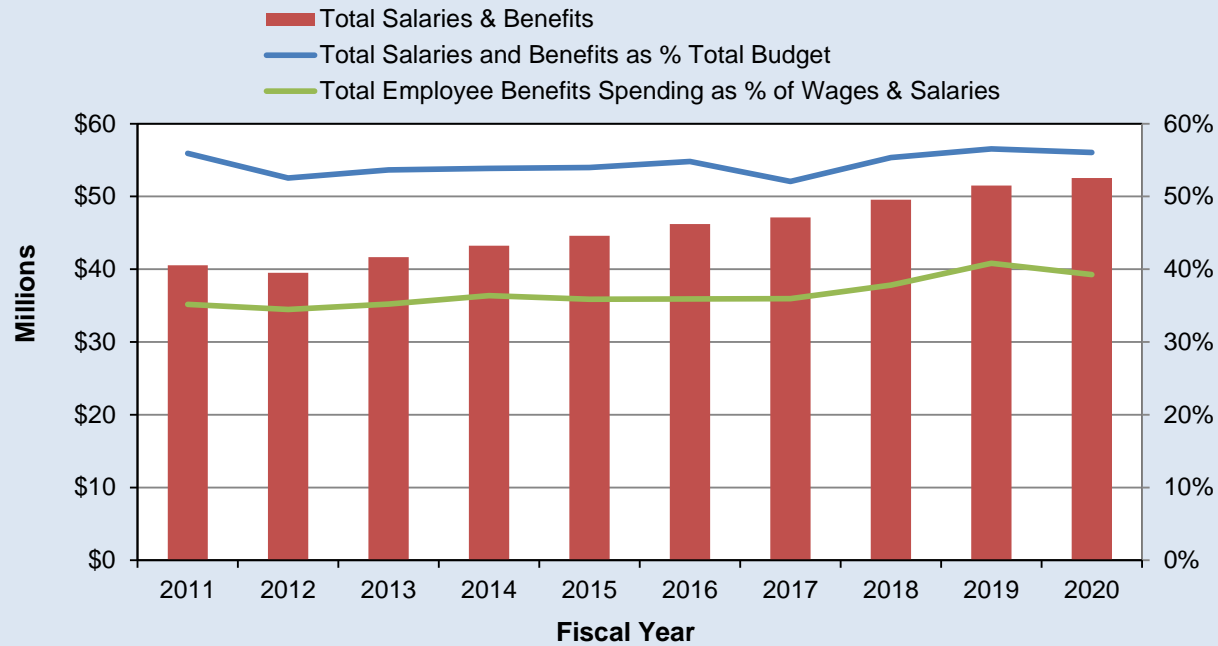
	Municipal Staffing Levels - Full Time Equivalent Employees									
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety	106.50	106.50	107.50	107.50	107.50	109.50	110.50	110.50	110.50	110.00
All Other Depts.	81.69	84.23	84.23	87.40	88.58	90.19	90.59	91.23	91.11	93.57
Total Municipal	188.19	190.73	191.73	194.90	196.08	199.69	201.09	201.73	201.61	203.57
Grant Positions	4.59	3.64	4.56	4.19	4.00	4.23	4.25	4.30	5.26	4.24

Source: Amherst Finance Department. Includes municipal General Fund employees only.

11 - Salaries & Benefits as Percentage Total Operating Budget

Increasing benefit costs as a percentage of wages and salaries is considered a warning indicator.

Salaries & Benefits as Percentage Total Budget



Amherst Trend	
Favorable	
Marginal	X
Unfavorable	
Uncertain	

Total salaries and benefits as a percentage of total budget has continued to be fairly level from 2011-2020. FY20 dropped compared to last year due to health insurance rates stabilizing.

Total benefit costs as a percentage of wages and salaries has increased from 35.18% to 39.25% of wages and salaries over the past ten years.

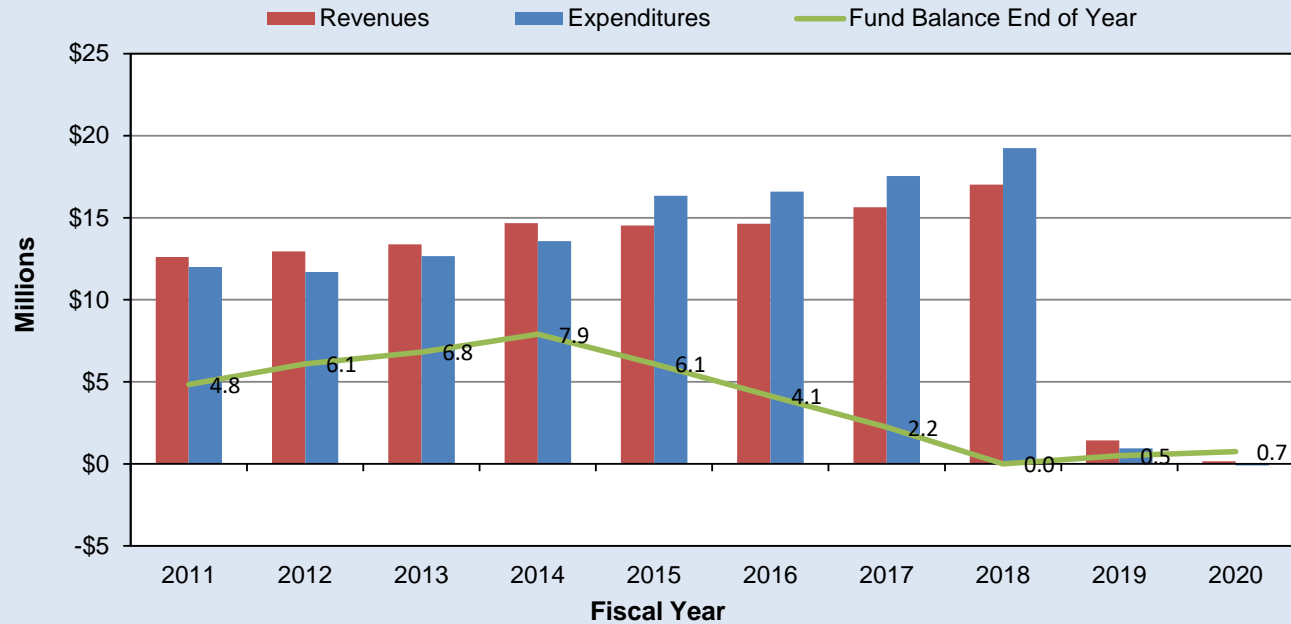
The long term trend is still uncertain, although we have made changes to health insurance going from self-insured to fully insured to gain some stability.

Formula	Total Salaries and Benefits as Percentage of Total Budget									
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Employee Benefits	\$ 10,548,292	\$ 10,126,114	\$ 10,855,490	\$ 11,531,065	\$ 11,774,524	\$ 12,208,980	\$ 12,459,752	\$ 13,602,374	\$ 14,924,846	\$ 14,807,758
Total Health Benefits	\$ 7,007,802	\$ 6,489,801	\$ 6,965,222	\$ 7,135,045	\$ 7,041,247	\$ 7,153,913	\$ 7,170,020	\$ 7,841,238	\$ 8,713,532	\$ 8,244,511
Total Retirement Benefits	\$ 3,540,490	\$ 3,636,313	\$ 3,890,268	\$ 4,396,020	\$ 4,733,277	\$ 5,055,067	\$ 5,289,732	\$ 5,761,136	\$ 6,211,314	\$ 6,563,247
Salaries - Municipal	\$ 14,801,410	\$ 14,268,961	\$ 15,140,947	\$ 15,711,508	\$ 16,234,189	\$ 17,003,876	\$ 17,064,122	\$ 17,911,490	\$ 18,309,324	\$ 18,908,397
Salaries - Library	\$ 1,325,362	\$ 1,381,893	\$ 1,433,771	\$ 1,476,196	\$ 1,486,939	\$ 1,536,861	\$ 1,546,462	\$ 1,669,873	\$ 1,746,600	\$ 1,805,044
Salaries - Elementary School	\$ 13,856,355	\$ 13,723,574	\$ 14,245,592	\$ 14,499,577	\$ 15,109,064	\$ 15,464,678	\$ 16,053,521	\$ 16,388,350	\$ 16,509,901	\$ 17,016,401
Total Salaries	\$ 29,983,127	\$ 29,374,428	\$ 30,820,310	\$ 31,687,281	\$ 32,830,192	\$ 34,005,415	\$ 34,664,105	\$ 35,969,713	\$ 36,565,825	\$ 37,729,842
Total Salaries & Benefits	\$ 40,531,419	\$ 39,500,542	\$ 41,675,800	\$ 43,218,346	\$ 44,604,716	\$ 46,214,395	\$ 47,123,857	\$ 49,572,087	\$ 51,490,671	\$ 52,537,600
Total Employee Benefits Spending as % of Wages & Salaries	35.18%	34.47%	35.22%	36.39%	35.86%	35.90%	35.94%	37.82%	40.82%	39.25%
Total Operating Budget	\$ 72,456,981	\$ 75,179,228	\$ 77,689,578	\$ 80,255,790	\$ 82,597,290	\$ 84,291,884	\$ 90,497,442	\$ 89,570,672	\$ 91,058,797	\$ 93,694,795
Total Salaries and Benefits as % Total Budget	55.94%	52.54%	53.64%	53.85%	54.00%	54.83%	52.07%	55.34%	56.55%	56.07%

Source: Finance Department and School Business Office

12 - Health Claims Trust Fund

Health Claims Trust Fund



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

The Town and the Insurance Advisory Committee made the hard decision to transition to a fully insured plan as of July 1, 2018. We joined the MHA network with Blue Cross Blue Shield.

In FY18 Town Meeting made an appropriation to the HCTF to 'borrow' \$2m. The HCTF was able to re-pay the loan by the end of FY19 by implementing a premium surcharge.

Health Claims Trust Fund

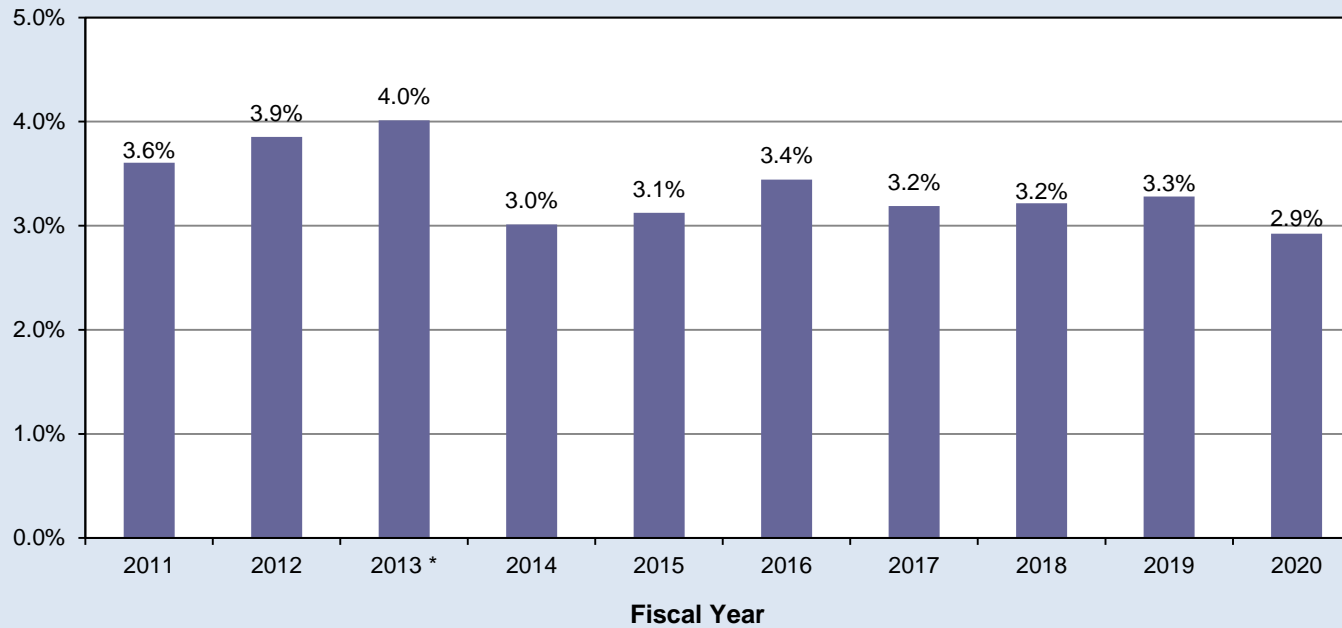
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	\$ 12,616,552	\$ 12,957,491	\$ 13,381,908	\$ 14,664,753	\$ 14,529,924	\$ 14,630,035	\$ 15,649,192	\$ 17,016,110	\$ 1,437,069	\$ 150,246
Expenditures	\$ 12,005,773	\$ 11,695,571	\$ 12,663,435	\$ 13,575,329	\$ 16,340,987	\$ 16,589,254	\$ 17,547,054	\$ 19,251,740	\$ 935,849	\$ (96,543)
Fund Balance End of Year	\$ 4,833,156	\$ 6,095,076	\$ 6,813,549	\$ 7,902,974	\$ 6,091,910	\$ 4,132,691	\$ 2,234,829	\$ (1,279)	\$ 500,418	\$ 747,208

Source: Finance Department

13 - Debt Service

Debt Service exceeding 20 percent of operating revenues is considered a warning indicator by the credit rating organizations.

Annual Debt Service as a Percentage of Net Operating Revenue



Amherst Trend

Favorable	X
Marginal	
Unfavorable	
Uncertain	

Amherst maintains a strong credit rating of "AA+ With A Stable Outlook" from Standard & Poor's due in part to a low percentage of debt relative to general fund revenue.

Over the past ten years, annual debt expense as a percentage of general fund revenue has remained relatively low. This gives the Town additional flexibility to issue new debt.

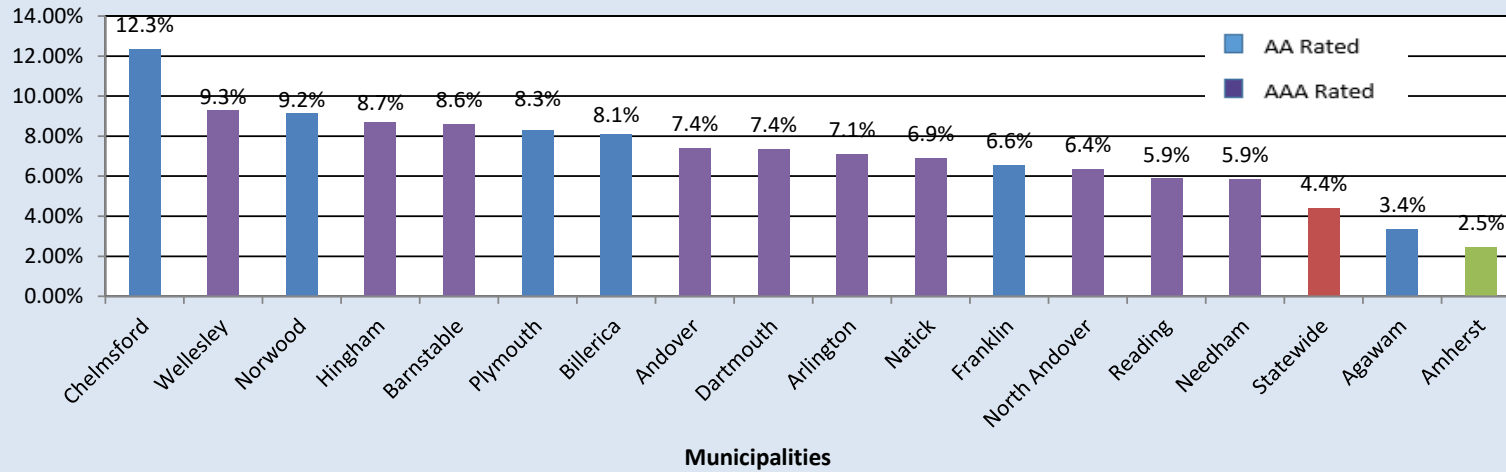
Formula	Debt Service / Operating Revenue OR / per Capita									
Fiscal Year	2011	2012	2013 *	2014	2015	2016	2017	2018	2019	2020
Long Term Retired	\$1,875,305	\$2,170,305	\$2,767,305	\$1,957,305	\$2,096,305	\$2,250,210	\$2,085,210	\$2,075,210	\$1,950,210	\$1,595,210
Long Term Interest	\$231,261	\$321,995	\$349,284	\$459,061	\$483,419	\$502,043	\$437,550	\$375,299	\$314,000	\$258,775
Short Term Retired (rollover)	\$500,000	\$400,000	\$0	\$0	\$0	\$147,467	\$357,500	\$412,000	\$665,000	\$780,000
Short Term Interest	\$5,370	\$4,040	\$0	\$0	\$0	\$1,820	\$5,763	\$18,414	\$59,168	\$105,189
Other Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$ 2,611,936	\$ 2,896,340	\$ 3,116,589	\$ 2,416,366	\$ 2,579,724	\$ 2,901,540	\$ 2,886,023	\$ 2,880,923	\$ 2,988,378	\$ 2,739,174
Net Operating Revenue	\$ 72,456,981	\$ 75,179,228	\$ 77,689,578	\$ 80,255,790	\$ 82,597,290	\$ 84,291,884	\$ 90,497,442	\$ 89,570,672	\$ 91,058,797	\$ 93,694,795
Population	38,991	39,016	38,919	39,826	39,833	40,036	39,523	39,503	40,036	39,523
Debt Service as a % of Net Operating Fund Revenue	3.60%	3.85%	4.01%	3.01%	3.12%	3.44%	3.19%	3.22%	3.28%	2.92%
Debt Service per Capita	\$67	\$74	\$80	\$61	\$65	\$72	\$73	\$73	\$75	\$69

* 2013 increase is due to refunding of Crocker Farm Debt - It appears as an increase in debt spending in the State reports, but is in fact a decrease in overall debt payments over time.

Sources: Amherst Finance Department, Massachusetts Department of Revenue

13.1 - Debt Service FY19

Debt Service as a Percentage of Operating Budget

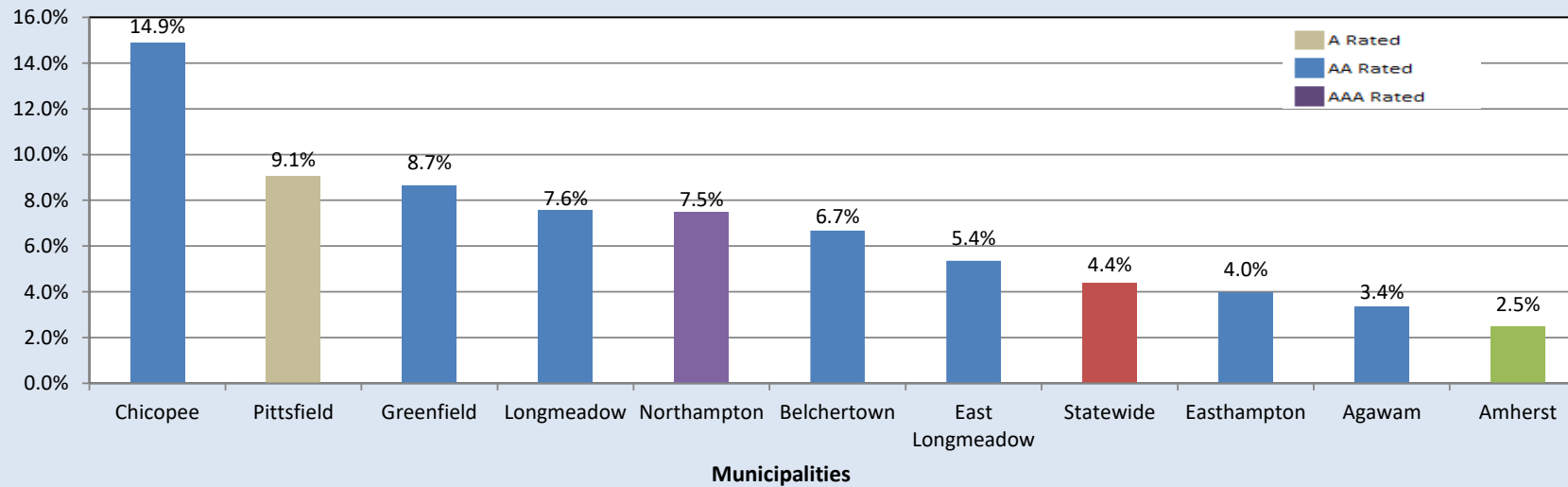


Amherst Trend

Favorable	X
Marginal	
Unfavorable	
Uncertain	

Amherst maintains a strong credit rating of "AA+ With A Stable Outlook" from Standard & Poor's due in part to a low percentage of debt relative to general fund revenue.

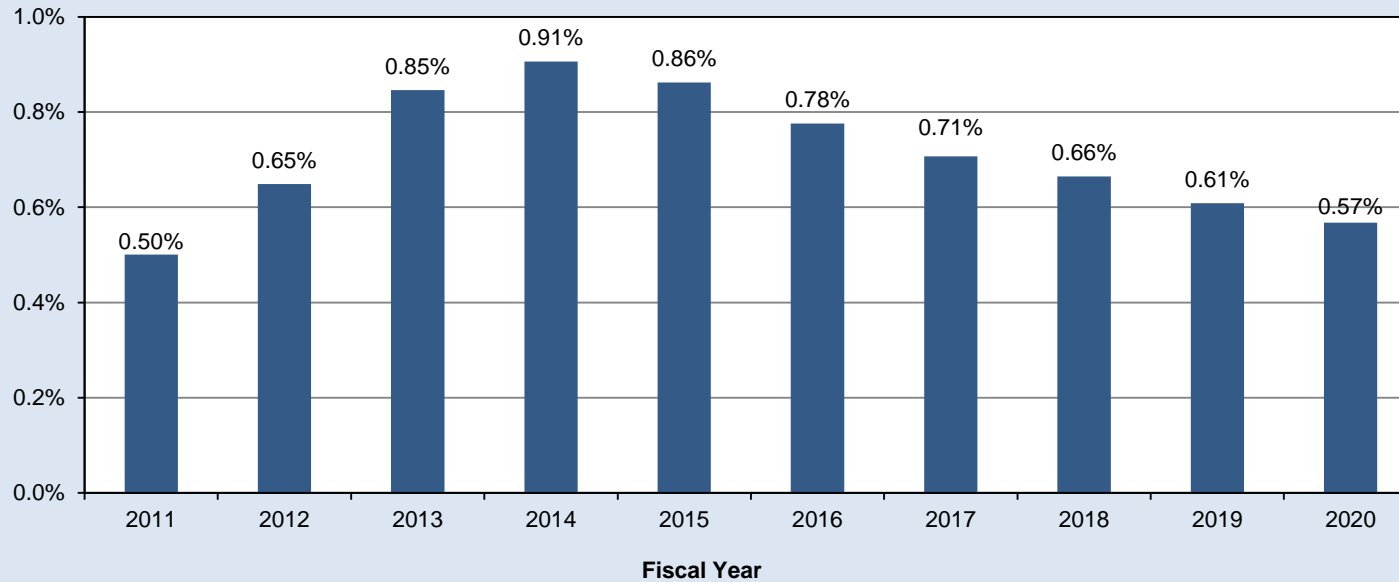
Debt Service as a Percentage of Operating Budget FY19



14 - Outstanding Debt

Overall debt outstanding exceeding 10 percent of assessed valuation is considered a warning indicator by bond rating agencies.

Outstanding Debt as a Percentage of Assessed Valuation



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

Rating agencies look at total long term debt outstanding as a percentage of assessed valuations in evaluating fiscal health.

Overall, Amherst's long term debt load has remained relatively low and has actually decreased in recent years.

Formula	Outstanding Debt as a Percentage of Assessed Valuations or Per Capita									
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Outstanding Debt	\$ 10,602,270	\$ 13,263,965	\$ 17,343,660	\$ 18,687,355	\$ 18,891,050	\$ 17,080,340	\$ 15,812,630	\$ 15,950,420	\$ 14,724,210	\$ 14,631,123
Total Assessed Valuations	\$2,117,159,900	\$2,043,770,600	\$2,050,011,060	\$2,062,663,700	\$2,190,527,500	\$2,200,466,300	\$2,235,716,580	\$2,398,902,300	\$2,420,417,600	\$2,576,894,100
Population	38,991	39,016	38,919	39,826	39,833	40,036	39,523	39,503	40,036	39,523
Long Term Debt as a % of Assessed Valuations	0.50%	0.65%	0.85%	0.91%	0.86%	0.78%	0.71%	0.66%	0.61%	0.57%
Long Term Debt per Capita	\$272	\$340	\$446	\$469	\$474	\$427	\$400	\$404	\$368	\$370

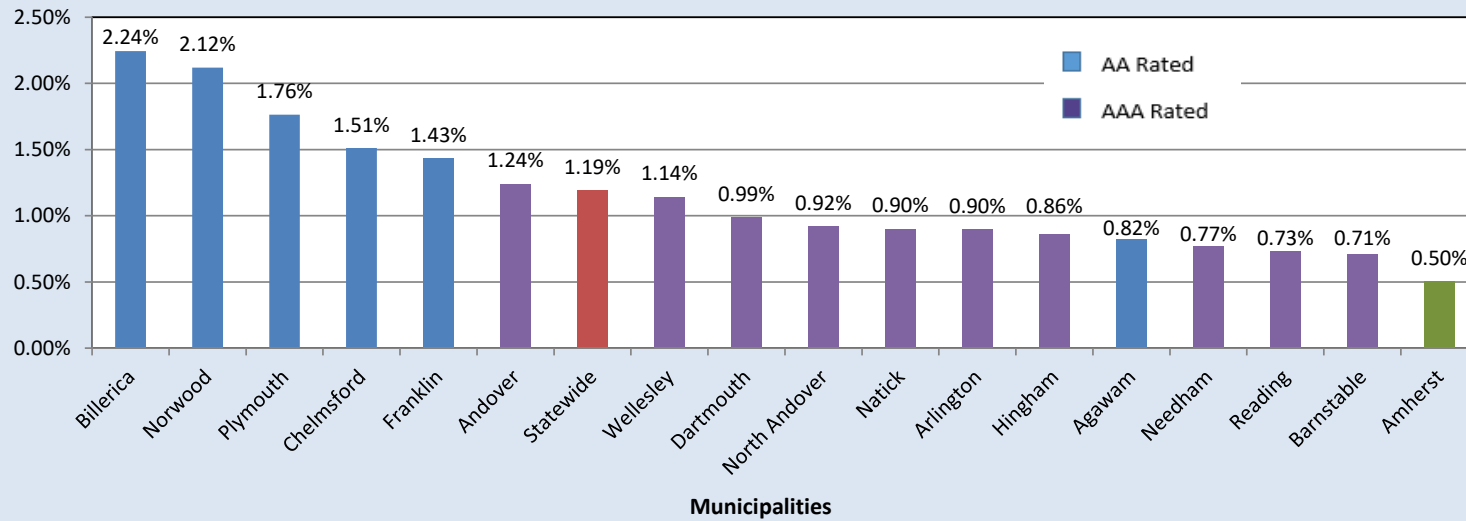
Sources: Amherst Finance Department, Massachusetts Department of Revenue

Includes both short term and long term debt

14.1 - Outstanding Debt FY19

Total debt outstanding exceeding 10 percent of assessed valuation is considered a warning indicator by bond rating agencies.

Outstanding Debt as a Percentage of Assessed Value FY19

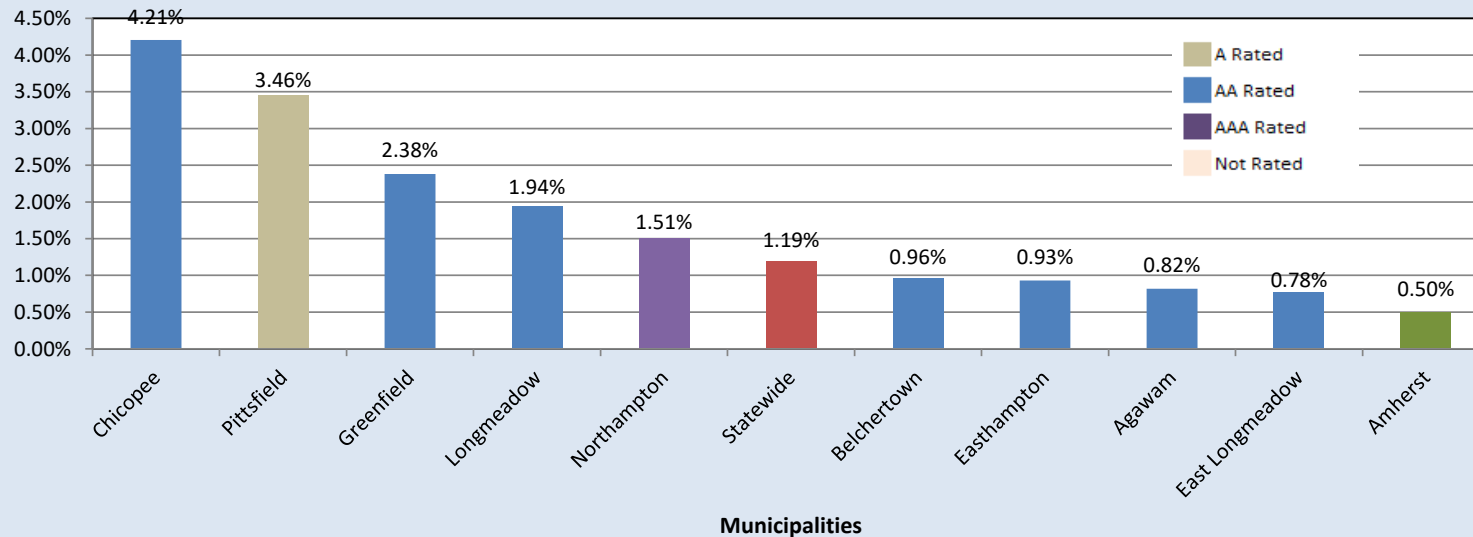


Amherst Trend

Favorable	X
Marginal	
Unfavorable	
Uncertain	

Amherst maintains a strong credit rating of "AA+ With A Stable Outlook" from Standard & Poor's due in part to a low percentage of debt relative to general fund revenue.

Outstanding Debt as a Percentage of Assessed Value FY19

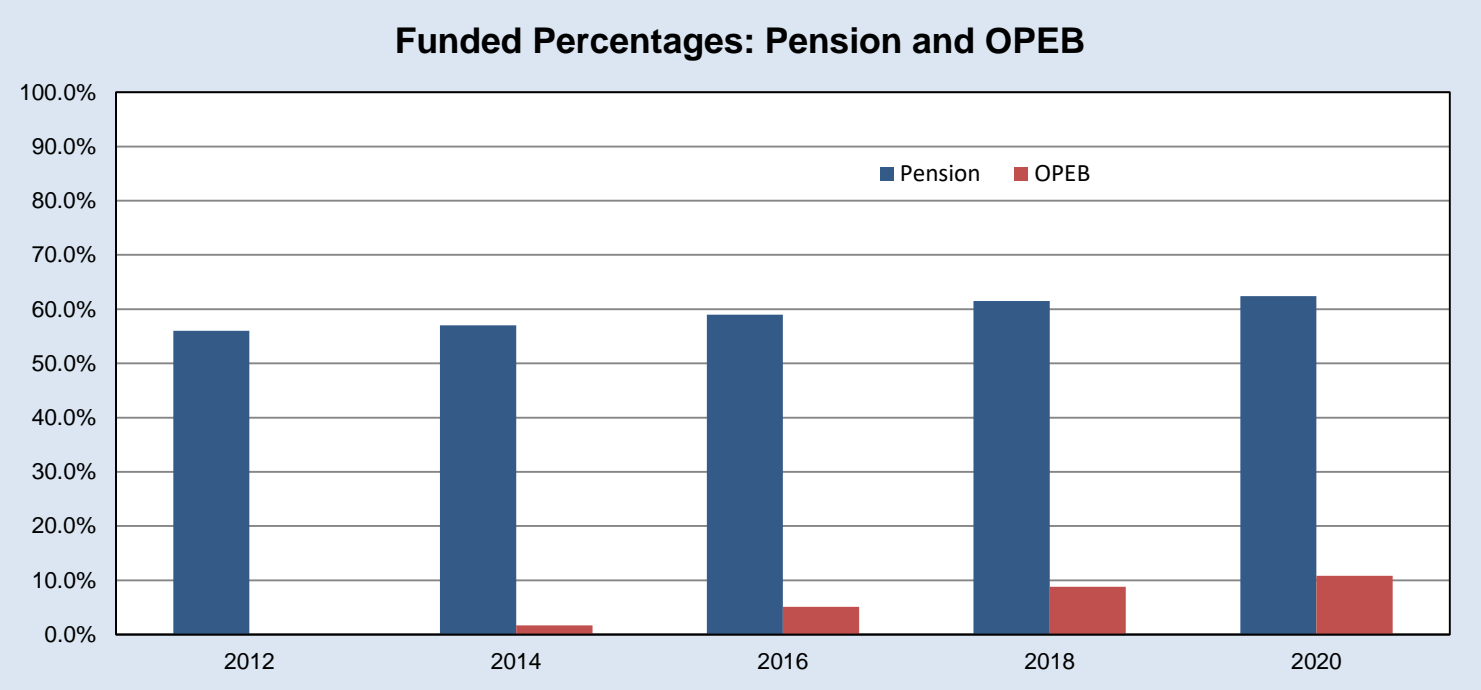


Source: Massachusetts Department of Revenue

* Includes long term only

14 - Unfunded Liabilities

A well defined plan to address liabilities for pension obligation and retiree health benefits is viewed positively by bond rating agencies.



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

Rating agencies look at the Town's plans for addressing it's large, historically unfunded liabilities. The Town belongs to the Hampshire County Pension System which is scheduled to be fully funded by 2033.

The Town is updating its OPEB funding plan.

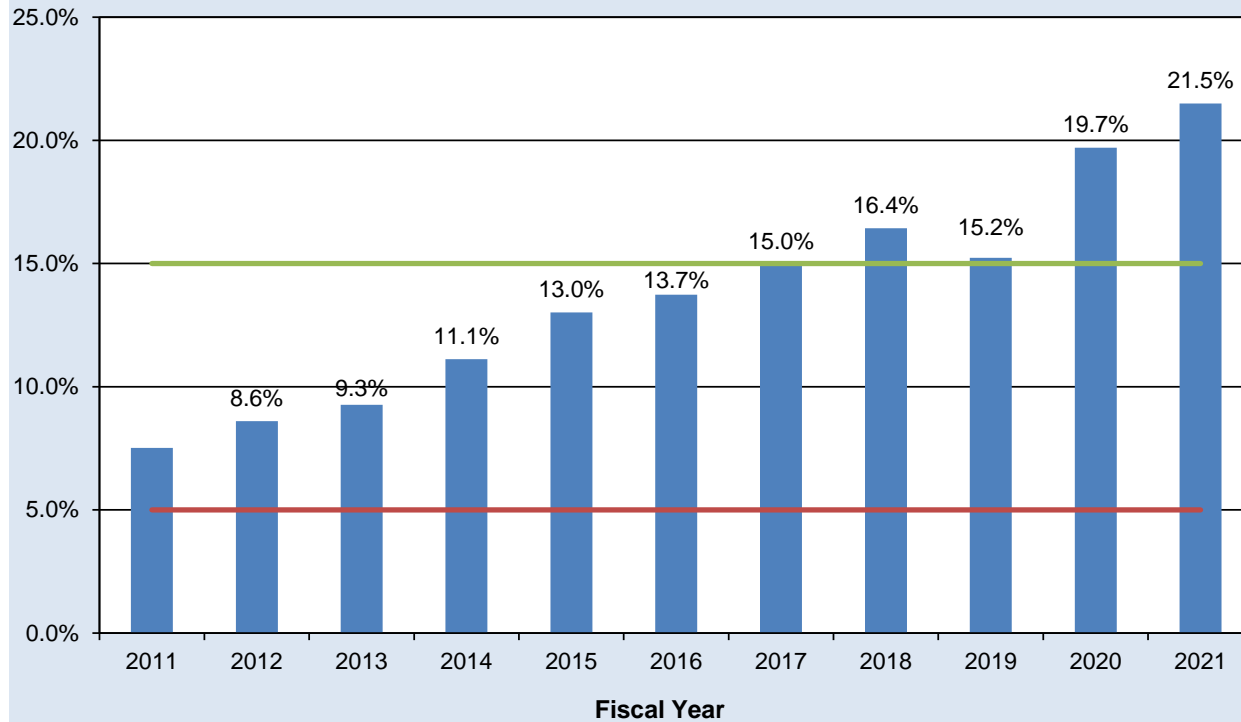
	Percentage of liability funded				
Fiscal Year	2012	2014	2016	2018	2020
Pension	56.00%	57.00%	59.00%	61.50%	62.40%
Other Post Employment Benefits	0.00%	1.70%	5.10%	8.80%	10.80%

Sources: Hampshire County and OPEB Actuarial reports

15 - Reserves & Fund Balance

Declining reserves as a percentage of operating revenues may be considered a warning indicator--between 5% and 15% is optimal and is recommended by the Government Finance Officers Association (GFOA).

Reserves as a Percentage of General Fund Budget



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

Free cash and a stabilization fund permit greater financial flexibility and provide the Town with a safety net.

FY05 to FY06, Amherst's reserves as a percentage of operating revenue declined substantially. Since FY11, reserves have gradually increased, in keeping with the Town's Financial Policies and Objectives.

With plans for major investment in capital in the 2-10 year horizon, exceeding the Reserve ceiling is an intentional strategy against future spikes in debt expense.

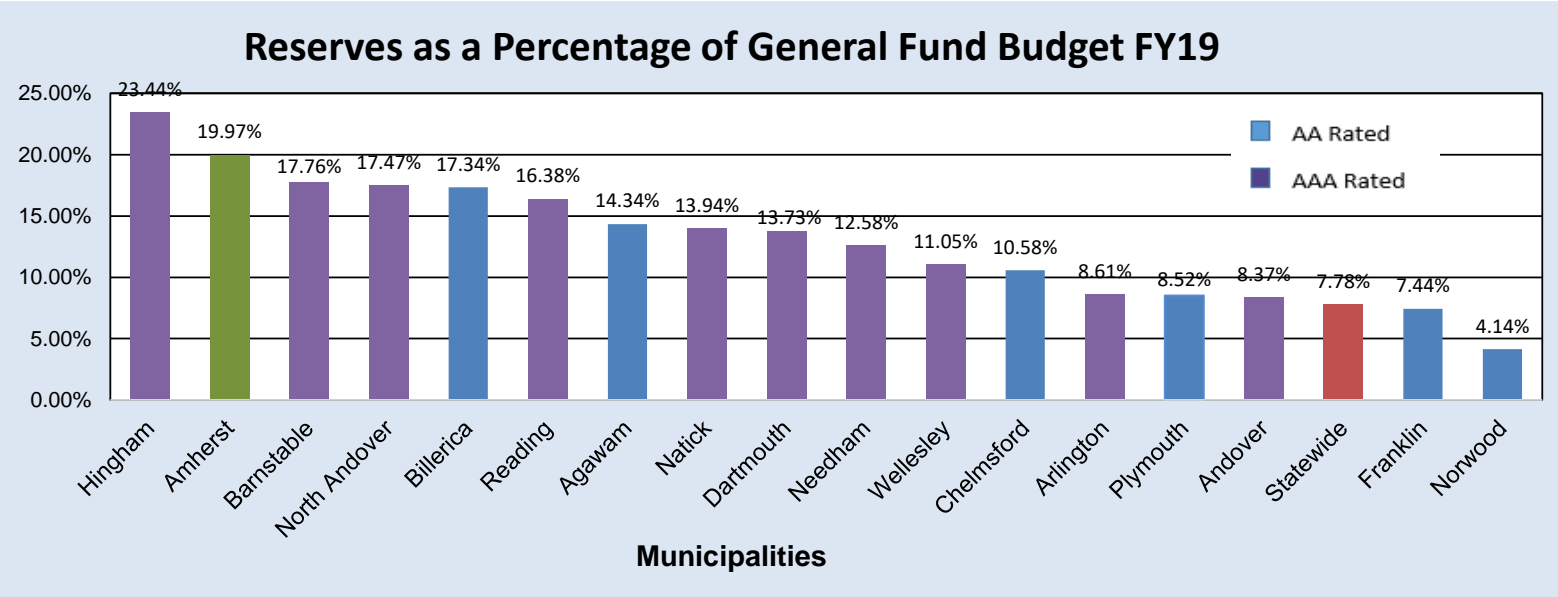
Formula	Undesignated Fund Balance / Operating Revenue as of July 1										
Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Certified Free Cash	\$ 3,300,986	\$ 4,167,028	\$ 4,326,501	\$ 4,738,538	\$ 4,860,062	\$ 4,322,441	\$ 4,818,684	\$ 5,162,239	\$ 3,140,413	\$ 6,741,684	\$ 5,424,479
Stabilization Fund	\$ 1,421,401	\$ 1,447,485	\$ 1,874,393	\$ 2,915,976	\$ 4,292,283	\$ 5,708,245	\$ 6,390,203	\$ 7,595,350	\$ 9,416,997	\$ 9,738,784	\$ 12,061,900
Total Reserves (Free Cash & Stabilization)	\$ 4,722,387	\$ 5,614,513	\$ 6,200,894	\$ 7,654,514	\$ 9,152,345	\$ 10,030,686	\$ 11,208,887	\$ 12,757,589	\$ 12,557,410	\$ 16,480,468	\$ 17,486,379
Total Budget	\$ 62,865,469	\$ 65,253,280	\$ 66,919,847	\$ 68,833,087	\$ 70,297,975	\$ 73,001,555	\$ 74,951,794	\$ 77,654,874	\$ 82,417,684	\$ 83,672,924	\$ 81,333,439
Free Cash as a % of Total Budget	5.3%	6.4%	6.5%	6.9%	6.9%	5.9%	6.4%	6.6%	3.8%	8.1%	6.7%
Stabilization Fund as a % Total Budget	2.3%	2.2%	2.8%	4.2%	6.1%	7.8%	8.5%	9.8%	11.4%	11.6%	14.8%
Reserves as a % of Total Budget	7.5%	8.6%	9.3%	11.1%	13.0%	13.7%	15.0%	16.4%	15.2%	19.7%	21.5%

Footnote: As of July 1 of the fiscal year shown.

Source: Mass.gov - Municipal Databank

15.1 - Reserves & Fund Balance FY19

Declining reserves as a percentage of operating revenues may be considered a warning indicator--between 5% and 15% is optimal and is recommended by the Government Finance Officers Association (GFOA).



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

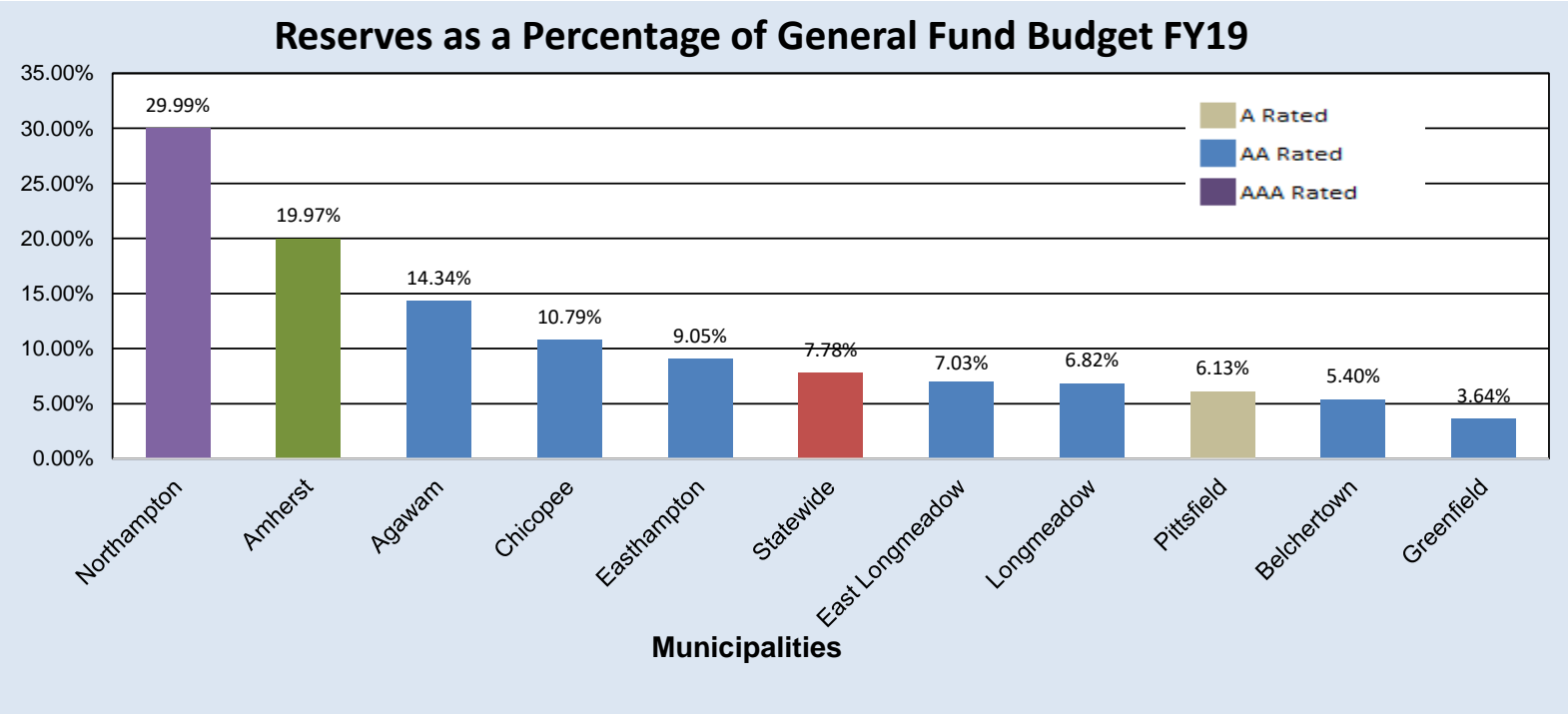
Free cash and a stabilization fund permit greater financial flexibility and provide the Town with a safety net.

Sum of Reserves as a % of Total Budget		Sum of Reserves as a % of Total Budget	
Municipality		Municipality	
Agawam	14.34%	Andover	8.37%
Barnstable	17.76%	Wellesley	11.05%
Hingham	23.44%	Chelmsford	10.58%
Natick	13.94%	Reading	16.38%
North Andover	17.47%	Arlington	8.61%
Amherst	19.97%	Plymouth	8.52%
Billerica	17.34%	Franklin	7.44%
Needham	12.58%	Norwood	4.14%
Dartmouth	13.73%		

Source: Massachusetts Department of Revenue

15.1 - Reserves & Fund Balance FY19 Local Comparison

Declining reserves as a percentage of operating revenues may be considered a warning indicator--between 5% and 15% is optimal and is recommended by the Government Finance Officers Association (GFOA).



Amherst Trend	
Favorable	X
Marginal	
Unfavorable	
Uncertain	

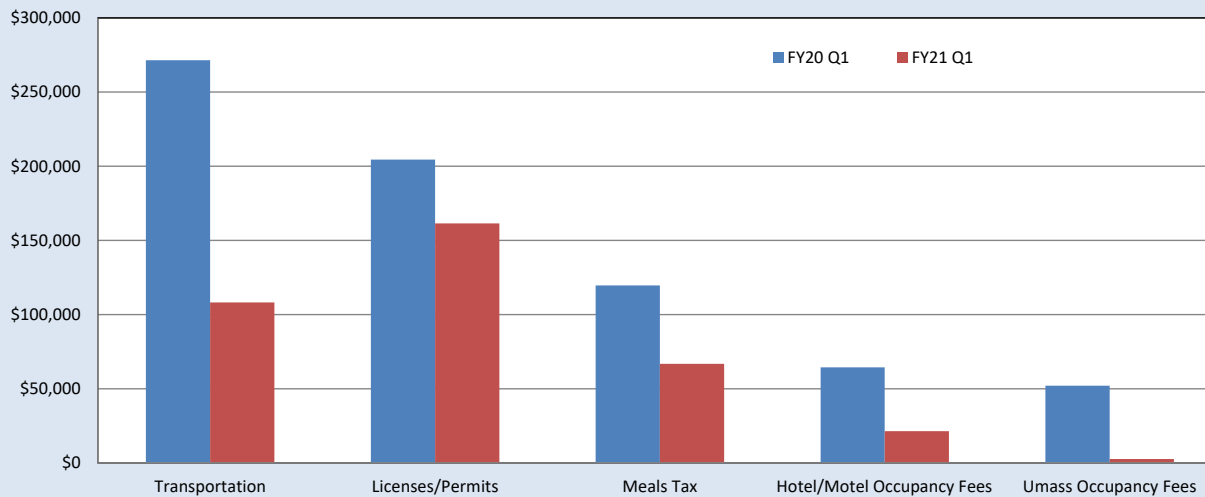
Free cash and a stabilization fund permit greater financial flexibility and provide the Town with a safety net.

Municipality	Sum of Reserves as a % of Total Budget
Northampton	29.99%
Agawam	14.34%
Amherst	19.97%
East Longmeadow	7.03%
Statewide	7.78%
Chicopee	10.79%
Easthampton	9.05%
Longmeadow	6.82%
Belchertown	5.40%
Greenfield	3.64%
Pittsfield	6.13%

Source: Massachusetts Department of Revenue

16.0 - Impact of the Pandemic

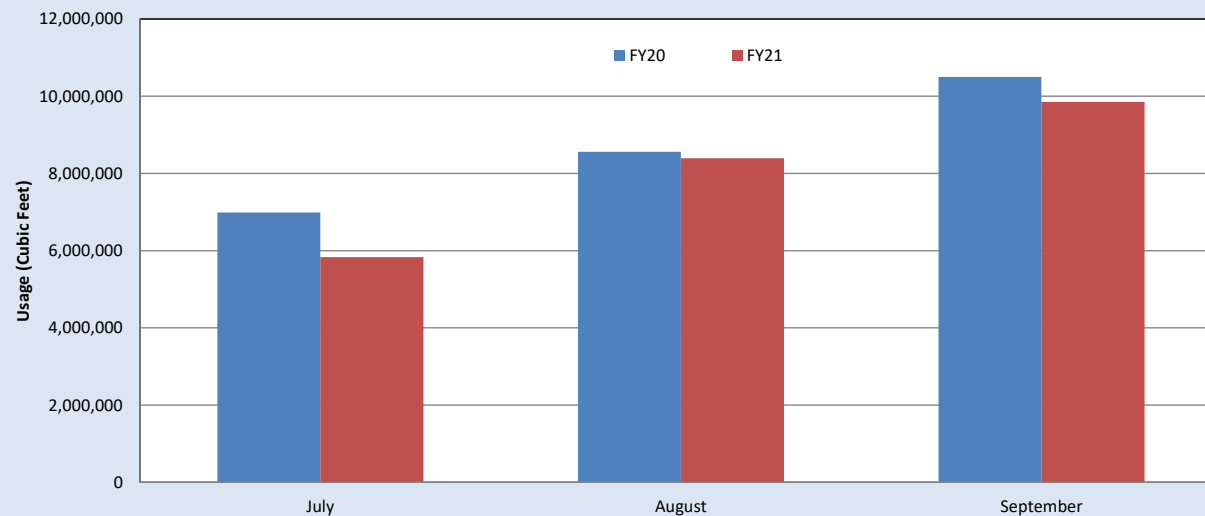
First Quarter Revenue Comparison



Amherst Trend	
Favorable	
Marginal	
Unfavorable	X
Uncertain	

As expected, several local revenue sources are in decline due to Covid-19

First Quarter Water Consumption Comparison



Water consumption is trending below last year's figures as expected due to the depopulation of the campuses. Consumption projections and related revenues in the water enterprise fund were reduced in anticipation of this decline. Comparable reductions are projected for the sewer fund which, for the most part, is based on water usage.